

A low-angle, upward-looking photograph of several modern skyscrapers with glass facades, creating a sense of height and urban density. The buildings are arranged in a way that they appear to converge towards the top of the frame.

# Mind the Pay Gap:

A Legislative Approach  
to Ending Pay  
Discrimination in BC

Simon Fraser University, BC Priorities Project, April 2020

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# Executive Summary

Section 12 of British Columbia's (BC) *Human Rights Code* prohibits wage discrimination based on sex. This law has not, however, eliminated gender-based pay discrimination in the province or made substantial impacts towards closing the gap between what men and women earn for performing comparable work. Indeed, research by Statistics Canada (2018) shows that BC has one of the poorest showings for wage equality across Canada. Existing regulations in BC are therefore insufficient to address this enduring source of gender inequity, which has economic and social consequences for women and their families, and for society at large.

This report uses a policy analysis framework to evaluate the legislative tools available to the province of BC to effectively address gender-based pay discrimination. Drawing on best practices from an international and domestic jurisdictional scan, supplemented with qualitative interviews with domestic and international actors in the pay equality policy field, we identify key elements of policy design that must be considered to ensure the effectiveness of equal pay legislation. Additionally, our findings suggest that effectively addressing the pay gap could potentially complement long-term poverty reduction and would thus align with the BC government's current poverty reduction strategy.

This report illustrates that there are many options available to BC when it comes to designing legislation to reduce the province's gender pay gap. We conclude that the most effective approach would be a complement of pay transparency and proactive pay equity legislation, as no single form of legislation will substantially address all aspects of pay discrimination. **Pay Transparency Legislation** would generate accessible data regarding the existence of pay gaps and create incentives for firms to close any gaps. Meanwhile, **Proactive Pay Equity Legislation** would address the systemic undervaluation of female-dominated job classes. That said, our research indicates that regardless of the type(s) of pay legislation that a jurisdiction chooses to adopt, the effect on the gender pay gap is very dependent on the details of policy design, including key elements such as clear reporting requirements, sufficient guidance for businesses, and a well-funded oversight body.

Additionally, this report recognizes the many factors that contribute to the gender pay gap – of which pay discrimination is just one – and therefore maintains that a comprehensive approach, including public policy interventions in areas such as childcare, parental leave, labour unions, education and awareness, and fair minimum wages – is required in order to attain gender equality in British Columbian workplaces.

*This report is an independent project prepared by Simon Fraser University Masters of Public Policy students. It is an extension of the work done as part of the program's BC Priorities project with group members Diamond Isinger and Jessica Jimmo. Representatives from West Coast LEAF provided support to the student authors but had no role in altering the analysis or recommendations. The authors were not financially compensated for their work. The views expressed in this report are of the authors, and do not reflect those of West Coast LEAF.*

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# 1. Introduction

The gender pay gap, an ongoing disparity in the earnings of men and women, is an enduring social and economic issue. Across Canada, women earn on average \$0.87 for every dollar that men earn for comparable work, a gap of 13% (Statistics Canada, 2018).<sup>1</sup> Within BC, this disparity is even more pronounced, as women earn an hourly wage that is on average 18.6% less than the wage paid to men (Statistics Canada, 2018). Although discriminatory pay practices are prohibited by provincial and territorial human rights legislation, these policies have not worked to substantively close Canada’s pay gap.

In BC, the *Human Rights Code* prohibits pay discrimination on the basis of sex, gender identity, and gender expression, however no policies exist to ensure that employers are meeting this obligation. Consequently, the gender pay gap persists, despite the provisions of the *Human Rights Code*. In recent years, policymakers both elsewhere in Canada and internationally have begun actively seeking out policies to close the gender pay gap. A number of governments have sought to address the issue via legislation aimed at tackling gender pay discrimination, with varying degrees of success.

The main focus of this project is to identify and analyze the multiple types of legislation aimed at addressing pay discrimination, to determine whether such policies could effectively reduce the pay gap in BC for women and gender diverse people. To support our research, we undertook an examination of existing literature, a jurisdictional scan, interviews with experts, and a detailed policy analysis of legislative options that BC could consider passing. Our goal throughout was to identify what makes such legislation effective, and what specific aspects of legislative design are essential for reducing the gender pay gap. Though there are many types of policies aimed at improving gender equality in the workplace, our focus is on legislative measures like pay transparency and pay equity legislation.

We also sought to understand the extent to which the gender pay gap and poverty are related, and to what extent pay discrimination is a driver of poverty. Despite being one of the wealthiest provinces in Canada, BC consistently has one of the top three highest rates of poverty in Canada (Ivanova & Hemingway, 2020). In March 2019, BC was the last province to introduce a poverty reduction strategy, announcing they would prioritize reducing poverty by 25% and child poverty by 50% by 2024 (Together BC: British Columbia’s Poverty Reduction Strategy, 2019, p.6). One of the goals of this report is to establish whether there is a link between reducing the gender pay gap and poverty reduction, thereby opening a space within BC’s Poverty Reduction Strategy for policies which can address the gender pay gap.



### Pay Gap in Canada

Women earn \$0.87 for every dollar that men earn for comparable work



### Status in BC

In 2018, the gendered earnings gap in BC was 18.6%

<sup>1</sup> There are multiple methods of measuring the gender pay gap (e.g. average annual earnings; average annual earnings of full-time workers; average or median weekly earnings; average hourly wages; etc.). We use the figure based on hourly wages as it accounts best for the portion of the pay disparity that is due to pay discrimination, rather than other factors like hours worked. Those and other factors contributing to the gender pay gap in average annual earnings are discussed below. If instead the measure used is the average annual earnings of all individuals over the age of 16 based on all sources of income, BC would have a pay gap of 32.4%, and Canada would have a pay gap of 30%.

## 2. Background

### 2.1 Factors Behind the Gender Pay Gap

Pay discrimination is one of multiple factors contributing to the gender pay gap. Several other complex and interrelated variables explain why women across virtually all occupational sectors, age groups, levels of education, and income deciles report lower earnings and wages than their male counterparts (Cornish, 2016, p.6). Many of these other factors reflect the differing social roles and gendered expectations of women's labour. Here they are briefly outlined:

- 1. Higher share of domestic labour:** Women perform a higher share of unpaid domestic labour than men, such as childcare, cooking, and cleaning, due to prevailing societal gender norms. This reduces the amount of time that they are available and willing to work in paid employment (Ferrant et al., 2014, p.1). The result is a gender employment gap: there are a greater number of men than women in the full-time labour force (Statistics Canada, 2018). Since women are more likely than men to sporadically enter and exit the labour force, this affects their average earnings and contributes to the pay gap. A number of policies can influence the employment gap, particularly accessible childcare and parental leave. Canadian labour force data shows that the gender employment gap is larger in cities and regions with high daycare fees (Statistics Canada, 2018, p.6), suggesting that when childcare is not available, women are more likely to leave paid employment to care for children than are men.
- 2. Fewer overall hours worked:** In addition to there being fewer women than men in the labour force, women also work fewer hours on average than men. Much of this gap is caused by the higher percentage of women in part-time work. Caring for children was the most common reason for wanting to work part-time cited by women in a 2018 Canadian labour force survey (Statistics Canada, 2018, p.16). This demonstrates how many of the factors contributing to the gender pay gap are interrelated: societal gender norms lead to women performing a higher share of domestic labour, which in turn leads to women working fewer hours on average than men, contributing to women's lower earnings.
- 3. Sectoral and occupation concentration:** Women tend to be more concentrated in lower-paying sectors, such as sales, childcare, education, nursing and caregiving, and retail and restaurant services. This concentration also exists within firms, where women are more concentrated in occupations at lower tiers, with lower wages than men (Statistics Canada, 2018, p.22). Part of this problem is caused by the continued underrepresentation of women in leadership roles in many firms and organizations; 82% of women have said that having women in such positions would help their advancement to higher tiers in firms (Canadian Women's Foundation, 2017, p.3). A similar underrepresentation exists in technical and STEM-related fields, which are typically higher-paying occupations (Vandenbeld, 2016, p.6). This sectoral concentration is again partly a product of gender norms, which deem women more fit for certain occupations, and unfit for higher paying sectors traditionally reserved for men.
- 4. Undervaluation of "women's work":** These sectors which have been traditionally reserved for women's employment are then marginalized, undervalued, and underpaid. Many of these occupations are, however, vitally important, especially from the perspective of maintaining a



healthy, educated population and a skilled workforce. Some forms of pay equity legislation examined in this report aim to address this source of structural pay inequity.

- 5. Pay Discrimination:** In addition to the factors listed above, there remains a significant portion of the gender pay gap which is “unexplained,” and typically attributed to gender-based discrimination. It is this unexplained portion of the pay gap that is the target of most pay legislation, as it is the most obviously problematic form of pay discrimination. This report will focus both on this overt form of pay discrimination, and the more diffuse and at times ignored issue of the systemic undervaluation of female-dominated fields.

It is often assumed that because some of the factors involved in the gender pay gap can be “explained,” (numbers 1, 2 and 3 above), that they are not a concern for policymakers. However, as we noted, gender norms and stereotypes lie behind many of these factors, thus they are also legitimate targets for policy. We discuss some policies directed at these other factors, which can also have a significant impact on reducing the overall gender pay gap, at the end of this report.

We must note in passing one factor which does not contribute to the gender pay gap: the failure of women to negotiate higher salaries. Though some commentators employ gender stereotypes to explain away the pay gap, suggesting that women are less assertive than men in negotiating salaries, research has repeatedly shown that women actually ask for raises more often than men, and are less likely to receive them (Artz et al., 2018).

## 2.2 Key Terms

There are many potential terminological sources of confusion when researching and writing about the gender pay gap, especially if the material is international in scope. Much of the confusion stems from a lack of consistency in the terminology used to describe and analyze pay equity policies. In some jurisdictions, the terms pay equity and pay equality are used almost interchangeably, and even within the same country there can be a lack of agreement in the way terms are used. Iceland’s equal pay legislation of 2018 contains provisions that in the Canadian context would be termed pay equality, but some EU NGOs described the law as “applying pay equity.” By laying out key definitions, we hope to ensure clarity and consistency in the analysis.

### 2.2.1 Pay Equity vs. Pay Equality

In this report, **pay equity** refers to efforts to undo the systematic undervaluation of labour in traditionally female-predominant job classes and sectors. Its scope is therefore sector-wide or industry-wide. Pay equity legislation is typically predicated on increasing and equalizing the societal valuation of women’s labour, which has been historically undervalued and dismissed by society.

**Pay equality** refers to policies aimed at eliminating pay disparities between men and women performing the same or comparable work, whether they work in female-dominated occupations or not. Thus, its scope is focused at the level of individual companies and employees.

The phrase “equal pay for equal work” is thus aligned with pay equality policies, while “equal pay for work of equal value” (alternatively “equal pay for work of comparable value”) points towards pay equity.

### 2.2.2 Pay Transparency

Pay transparency policies are predicated on improving access to pay information and awareness of gender pay differentials for individuals and firms. Some research suggests that the gender pay gap persists because it is hidden (Baker et al., 2019, p.6). By making wages visible (in an anonymized fashion that protects individuals’ privacy), pay transparency policies can help expose discrepancies in male and female earnings for work of comparable value.

In BC, the focus of proposed pay transparency legislation has been to promote pay equality, or equal pay for equal work (Cadieux, 2020). Pay transparency legislation has been suggested as a policy tool to improve the visibility of wage and earning disparities so that action may be taken at the individual, firm, or governmental level to mitigate these gaps (Cadieux, 2020).

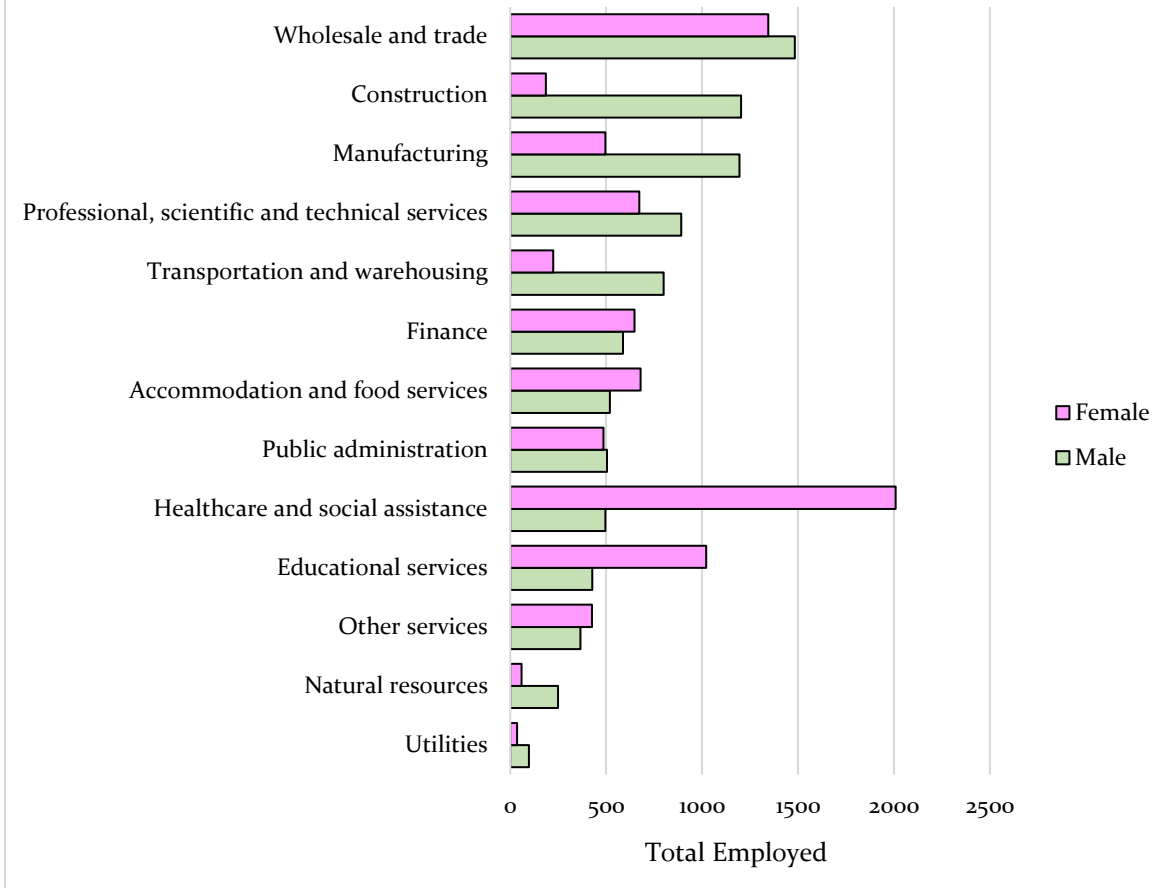
## 2.3 The BC Economy

BC’s economy has historically been resource-based, with men accounting for the majority of workers in industries such as forestry, mining, natural gas, and agriculture. However, since the 1960s, women’s participation in the labour force has risen significantly and the gap between male and female labour force participation in the province has nearly closed (Ministry of Finance, 2020, p.89). A number of social and economic factors help account for this trend. Amongst others, the women’s rights movement, changing societal views on gender roles, and the diversification of BC’s economy helped accelerate women’s rising employment (Ministry of Finance, p.89). Despite this positive movement, the gap between average earnings of men and women in the province remains unacceptably high.

Differences between men and women’s average earnings in BC can be partially explained by the employment divide in the goods-producing and services-producing sectors. Notably, in 2019, men accounted for 80% of the workers in BC’s goods-producing sector (Ministry of Finance, 2020, p.91). Meanwhile, women represented over half of those employed in the services-producing sector, which includes industries and employment that is characterized as producing below-average earnings (Ministry of Finance, p.91). Although this industry composition partly accounts for differences in average earnings, it does not explain wage disparities seen between women and men performing comparable work.

Discriminatory employment practices (including pay discrimination practices) have been prohibited in BC since the province passed its *Human Rights Code* in 1973. By the mid-1970s, similar policies existed in every Canadian province and at the federal level (Jeffery & Rosen, 1979, p.42). Nevertheless, independent and government statistics find that across Canada women continue to earn less than men.

Figure 1: BC Core Employment by Industry, 2020



## 2.4 Existing Policy in BC

### 2.4.1 The BC *Human Rights Code*

Currently in BC, only the BC *Human Rights Code* protects individuals against pay discrimination on the basis of sex. In 2002, the BC Liberal government removed pay equity provisions from the *Code* and eliminated the Human Rights Commission (BC CEDAW Group, 2002). Though the office of the BC Human Rights Commissioner was recently re-instated in 2019 by the minority NDP government, the province still lacks any proactive pay legislation. The current process for addressing pay discrimination is a complaints-based system based on individual claims, putting the onus on individuals to initiate a complaint and prove its validity before the Human Rights Tribunal. As previously mentioned, BC has one of the worst gender pay gaps in Canada, indicating that the current system is not working to effectively address pay discrimination in the province.

Furthermore, the process is lengthy, onerous, and expensive, making it difficult to make a claim before the tribunal without the support of a union. The tribunal process also does little to address the wider societal nature of pay discrimination. Unlike in other countries, the *Code* contains no provisions that

companies must actively monitor or take initiative to improve gender equality in the workplace, nor does it address the underpayment of jobs that are traditionally “female-dominated.”

**-35**  
**Indigenous Groups**  
Indigenous women working full-time, full-year earn an average of 35% less than non-Indigenous men, earning 65 cents to the dollar



**Newcomers**  
Newcomer women working full-time, full-year earn an average of 29% less than non-newcomer men, earning 71 cents to the dollar



**Racial Disparities**  
Racialized women working full-time, full-year earn an average of 33% less than non-racialized men, earning 67 cents to the dollar



**Human Rights Code**  
The BC Human Rights Code prohibits wage discrimination on the basis of sex; no other policies in place

## 2.4.2 Calls for Legislative Reform

In 2018, opposition MLA Stephanie Cadieux introduced the *Equal Pay Certification Act* in BC’s legislature. The bill proposed that firms with more than 50 employees be required to obtain certification from a registrar ensuring that they met the requirements of the BC *Human Rights Code*. The *Act* suggested sanctions against companies that failed to meet the certification requirements.

Following the non-adoption of the *Equal Pay Certification Act*, Cadieux introduced a pay transparency bill in 2019 and again in 2020, the *Equal Pay Reporting Act*. This *Act* would require businesses with more than 50 employees to provide an annual breakdown of the mean and median regular pay and bonuses by gender and employment level (Wadhvani, 2019). In contrast to the *Equal Pay Certification Act*, the proposed *Equal Pay Reporting Act* did not propose to legislate a compliance requirement nor penalize companies for unexplained gender wage gaps. It is a less intrusive form of legislation, which relies on companies to take initiative and self-regulate to address gender-based pay discrepancies.

## 2.5 Provincial Government Priorities

*Budget 2020* outlined the Government of BC’s priorities for its three-year fiscal plan. It includes investments in three priority areas: (1) making life more affordable; (2) enhancing services that people count on; and (3) building a strong and sustainable economy that works for everyone. Importantly, for women, children, and families, *Budget 2020* set aside \$2 billion over three years for investments in childcare, a venture that aligns with the government’s poverty reduction strategy, Together BC.

*Budget 2020* was also the first BC budget to include a “gender-based plus” (GBA+) analysis of BC’s labour market. However, despite the government’s attention to the issue of gender issues in the province, it did not outline an intention to introduce legislation or other policies to address gender-based pay discrimination.

# 3. Methodology

## 3.1 Jurisdictional Scan & Literature Review

A jurisdictional scan was carried out between December 2019 and March 2020, surveying legislative efforts to reduce the gender pay gap domestically in Canada and internationally. The aim was to gain insight into the legislative design of pay equity policies, the challenges that other jurisdictions have faced in their implementation, and — where possible — the outcomes of such legislation. We also reviewed some of the academic literature that has developed alongside the growing popularity of these policies. Since many of the policies were quite recently implemented, gathering a complete picture of their effectiveness was challenging and, in some cases, not possible. We were nevertheless able to gather a wealth of data from the experience of other jurisdictions, which informed the options for legislative design analyzed later in the report. The jurisdictional scan was limited to jurisdictions with publicly available resources and information available in English.

**Table 1. Jurisdictions Studied**

Jurisdictions	
European Union	
Scandinavia	Denmark, Iceland, Norway, Finland
Commonwealth Countries	Australia, New Zealand, United Kingdom
Canada	British Columbia, Ontario, Quebec

## 3.2 Interviews

Four semi-structured expert interviews were completed over the course of the project. One interview was conducted in-person and three were conducted by phone. A general interview guide was developed, with some questions being tailored for the background and jurisdiction of the person being interviewed. The interviews were used to identify types of legislation and policies that could address gender pay discrimination. As well, they provided information pertaining to the challenges and importance of properly designing effective legislative responses to mitigate gender pay inequalities. Informed consent was received, and the project was approved through the Simon Fraser University course approval process.

**Table 2. Expert Interviews**

Name	Title	Organization
Sharan Burrows	General Secretary	International Trade Union Confederation
Confidential	Former union leader & labour lawyer	n/a
Honourable Stephanie Cadieux	Member of the Legislative Assembly (MLA) for Surrey South, BC	Legislative Assembly of BC
Jill Rubery	Professor	Alliance Manchester Business School at the University of Manchester



# 4. Jurisdictional Scan & Literature Review

## 4.1 Introduction

Across Canada and internationally, governments and policymakers have used a variety of legislative tools to promote pay equality and pay equity. Reviewing the policies employed elsewhere will help inform policy in BC and suggest which elements of legislative design are most effective in closing the gender pay gap. This jurisdictional scan is organized by region and a summary is provided in Table 9 of section 14.4 of the Appendix.

## 4.2 European Union

The European Union (EU) asks each Member State to ensure they promote either pay equity or pay equality between male and female workers (European Union, 2002, Article 141). However, it has only been the last 20 years or so that Member States have begun to operationalize these principles in their laws. Progress towards reducing gender-based pay discrimination is tracked by the European Commission, which also makes recommendations on best practices for reducing gender-based pay disparities. Many EU Member States have made significant strides in closing gender-based pay gaps. Pay transparency legislation is an important part of these states' policy toolkits, and when designed effectively, improves the visibility of pay differentials between men and women.

## 4.3 Scandinavia

Scandinavian countries are consistently ranked as world leaders on multiple indicators of gender equality, and the gender pay gaps in the region's countries are among the smallest in the world (OECD, 2018).

### 4.3.1 Denmark

In 2006, Denmark introduced amendments to its *Act on Equal Pay for Men and Women*, requiring companies with more than 35 employees to report gender disaggregated wage statistics to employee representatives. These amendments were intended to inform employees about gender pay gaps in their firms and provide an opportunity for workers to consult with management about the pay reports (Aumeyr-Pintar, 2018, p.3). Employers were also given the opportunity to voluntarily conduct a pay equity analysis and implement a pay equity plan as an alternative to reporting on wage statistics.

Many reports on pay transparency in the EU are optimistic that relatively light-touch regulation such as Denmark's approach, can gradually help to promote gender wage parity. However almost ten years after this legislation came into effect, researchers with the European Parliament found that Danish "pay structures are not transparent, [and] equal pay is not discussed by the companies" (Agustín, 2015, p.13). The report also found a general lack of understanding about the legislation among employees and cited disappointing levels of compliance amongst firms (Agustín, 2015, p.5; Aumeyr-Pintar, 2018, p.4). Importantly, Denmark's legislation does not contain an effective enforcement mechanism, which explains the low rate of compliance (around 30%) amongst applicable companies (Hofman et al., 2020, p.17).

Denmark's experience illustrates both the potential benefits of pay transparency legislation and the limitations if it is designed without sufficient incentives for compliance. A small reduction in the pay gap did occur after legislation was passed, which is an important result considering that the legislation is essentially voluntary. The overall effect was a 7% reduction in the gender pay gap in the firms covered by the pay transparency law, but more concerning was a 2% drop in the total wage bill paid by these employers (Bennedsen et. al., 2019). Denmark's experience also demonstrate that firms may respond to pay legislation by limiting wage increases to male employees, rather than simply increasing the wages of female employees. This shows that provisions in the legislation barring employers from taking this course of action may be required, and indeed many Canadian provinces have such provisions.

### **4.3.2 Finland**

Finland also has a form of pay transparency legislation. In 2014, the government introduced mandatory pay audits and other regulations promoting gender equality through amendments to their *Act on Equality between Women and Men* (2005, amended 2014). In particular, companies with more than 30 employees are required to prepare a "gender equality plan" every two years, addressing pay and other terms of employment. As part of their plan, firms must assess gender equality in their workplace, implement measures to promote gender equality, and review how past measures have achieved results. Data for gender equality plans are collected through regular employee pay surveys and companies must inform employees of the gender equality plan and updates made to it (Ministry of Social Affairs and Health, 2016, s. 6a).

In Finland, the rate of compliance with pay transparency legislation was found to be roughly 60% in 2008-2009. The results of a second Finnish study, conducted in 2012, found even higher rates of compliance at between 65-85% (Aumeyr-Pintar, 2018, p.4).

In the event where gender-based discrimination is believed to be present in a Finnish workplace, provisions under the legislation place the burden of proof on the employer to prove discrimination did not occur. A company that violates the *Act* is also liable to pay compensation to a victim, creating an additional enforcement mechanism to incentivize compliance.

### **4.3.3 Iceland**

Iceland is the first country to implement a certification model in their pay legislation, actively requiring employers to prove they do not have discriminatory pay practices. The policy, which came into force in January 2018, targets companies with 25 or more employees and stipulates that every three years, companies must obtain an official certification that verifies they are paying all employees equally for jobs of equal value. The certification confirms that employers make pay decisions according to the skills and qualifications of workers, and the demands of the job. Gender is thus removed from consideration and pay is tied directly to the value of each job position, rather than to the individual doing the job. The legislation does make allowances for individual achievement, and offers flexibility to employers wishing to reward good performance.

Procedurally, employers must meet the requirements of Iceland's Equal Wage Management System (colloquially known as the Equal Pay Standard). In order for employers to obtain a pay equality certificate,

they must first establish gender-neutral job classifications, outlining the job description, skill requirements, and salary structure for each position in their organization. The most complex and challenging part of the process for employers is to assign a value to each position, breaking down each job according to the value of the work done by the employee. In a pilot run of the certification process, one firm decided to use knowledge (35%), competencies (30%), responsibilities (25%) and work environment (10%) as the main factors contributing to the value of each position (Wagner 2018, p.24). The standard is designed to allow for some flexibility for employers to determine an appropriate scheme.

Once this classification is complete, employers must justify their current pay rates according to the value criteria they established, and ensure pay is based on that criteria and not the identity of the individual conducting the work. This ensures that whoever fills that position will be paid equally, according to the assigned value of the job. One HR manager involved in the pilot commented that it was this point in the process that revealed to them that they were underpaying many women in the firm compared to the value of their work. This disparity was hidden partly because the jobs in question had different titles, the manager explained:

We had a legal analyst and we had what is called a statistic analyst. Their jobs were classified as having the same points, so it was of same worth. But when we then did the job analysis, we found out that we were paying the legal analyst more than the statistical analyst, and it so happened that the statistic analyst was a woman and the legal analyst was a man. And then we raised the salary of the statistic analyst to be the same as that of the legal analyst because the classification had shown when you've gone through all the criteria, that the points were the same for these two jobs, so they were of equal values and should then have the same pay (quoted in Wagner, 2018, p.28).

Despite this standardization of pay practices, there remains room for employers to increase the pay of individual workers, so long as they can justify what additional value the employee is creating, or how they are excelling compared to others.

Certificates are granted by an independent auditor and must be renewed every three years. Companies that fail to attain certification face a daily fine of 50.000ISK (\$500CAD), which creates a financial disincentive against non-compliance (Peng, 2018). Additionally, Iceland's pay legislation provides transparency on salary distribution, as the auditors send their reports to the Icelandic Centre for Gender Equality (Domonoske, 2018). Larger companies with 250+ employees had until the end of 2018 to obtain the certification, and smaller businesses were given a longer timeframe of three years to meet the requirements of the law (CBC, 2018).

#### **4.3.4 Norway**

Norway is somewhat unique when it comes to pay transparency. The government has provided complete transparency about all citizens' salaries – regardless of employer, sector, or company/organization size – since the 1800s. Today, this information, including salary and tax information, is available to the general public online (Benson, 2017).<sup>2</sup>

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<sup>2</sup> This tradition dates back as far as the 19<sup>th</sup> century. The government recently adjusted their online pay information system so that while anyone is free to look up the salary information of any citizen, that person will be informed that their information was viewed and the identity of who viewed it.

Norway's model highlights two important considerations:

1. Political culture is important in determining how receptive a country will be to pay transparency legislation. While Norway embraces openness, there is a greater taboo in countries like the UK and Denmark on making one's salary known to others or discussing earnings in conversation.
2. Pay transparency legislation can come in different forms. Rather than requiring firms to compile and release their pay information, the Norwegian government does so through tax records. There are a number of trade-offs and challenges involved in this approach; nevertheless, it is an option if governments wish to avoid placing too great a burden on firms or industry.

Regardless of its source in legislation or tradition, pay transparency information can empower many workers, especially those from marginalized groups facing discrimination. Emiliano Huet-Vaughn, an academic who studies pay transparency and economics, has reviewed the Norwegian model of transparency and believes that if a country like the United States adopted a similar approach it would "empower [those] employees to ask for salary increases or to find better jobs" (Benson, 2017).

## 4.4 Commonwealth Countries

### 4.4.1 United Kingdom

The United Kingdom introduced pay transparency legislation in 2017 (in effect as of April 2018). It requires all companies with 250 or more employees to report the mean and median salary differences between men and women, as well as the average bonuses paid and the proportion of men and women who received those bonuses, every year to the UK's Government Equalities Office (GEO). The 250+ employee threshold means that about one third of companies are covered by the legislation (Alderman, 2018).

The legislation has been successful in sparking conversation and bringing to light issues of pay inequalities. The data that has been published has provided significant evidence regarding the extent of the UK, which has increased the salience of the gender pay gap as an important societal issue that must be addressed.

The UK's approach relies solely on the power "naming and shaming" to help reduce the pay disparities that are brought to light by the reports. There are no specific requirements for companies to address wage gaps, even if they continue to report pay discrepancies year after year.

It is still early to evaluate the policy's effectiveness, however, in the second year of reporting, the overall wage gap showed little to no change (Meakin, 2019). This might be partly attributed to the lack of enforcement, suggesting that transparency legislation requires strong enforcement in order to be effective in alleviating the pay gap (discussed further in section 7 of this report). That said, there is some anecdotal evidence that the requirement to publish the data has made an impact, as companies have scrambled to counter the fallout from embarrassing reports. In terms of compliance, companies who fail to report can face legal action and fines (Alderman, 2018).

#### 4.4.2 New Zealand

In 2017, a landmark settlement was reached in a pay discrimination case in New Zealand. What started five years earlier as a claim by one employee, turned into a sector-wide claim by workers against a government-funded old-age and disability residential care provider. The settlement was worth roughly \$2 billion New Zealand dollars (\$1.74 billion CAD) and provided wage increases of between 15% and 50% to over 50,000 workers in this female-dominated sector. The settlement set an important precedent, as it covered an entire industry that was found to be undervaluing the labour of its female-dominated workforce. It meant that “claims of unequal pay due to gender discrimination could be determined on an industry basis, rather than through a comparison of two individuals, man and woman, in the same or similar occupation.” (Douglas & Ravenswood, 2017, p.7).

With the success of this settlement in mind, New Zealand introduced its *Equal Pay Amendment Bill* in 2018, aimed at streamlining the process for making similar pay discrimination claims (Long, 2019). The new bill is an effort to rectify the pay discrimination faced by workers in female-dominated industries. Unlike proactive pay equity legislation in Ontario and Quebec (section 4.5.1), the approach in New Zealand puts the responsibility for initiating pay equity proceedings firmly on the side of employees, who must first claim they are facing pay discrimination. The bill then requires the employer to notify all other employees in the same or similar roles that a discrimination claim has been made. The aim is to facilitate a negotiation process that would eventually produce a settlement covering all employees in the firm, without requiring each individual employee to make their own claim and, provided the negotiation between firm and employees is successful, without going to the courts.

This novel approach to solving a systemic social problem, though not without its drawbacks, has the advantage of being a light-touch regulation, placing no burden on companies not engaging in pay discrimination. However, the emphasis on negotiations between employees and employers carries undeniable risks. There is no guarantee that employers will be willing to rectify pay discrimination claims. Some critics of the government’s plan point out that the bill allows employers to assert that pay equity claims are not arguable, which could lead to a similarly prolonged and complicated negotiation process, with the claim likely resolved in the court system (Long, 2019).

#### 4.4.3 Australia

In 2012, Australia introduced the *Workplace Gender Equality Act* to promote gender equality in Australian workplaces and to remove barriers to the full and equal participation of women in the Australian workforce (Australia Workplace Gender Equality Act, 2012). The *Act* established mandatory reporting requirements for companies with more than 100 employees. These companies must prepare an annual public report that includes performance on six standardized gender equality indicators between men and women as well as a breakdown of wages between men and women at different employment levels. Reports are then sent to the Workplace Gender Equality Agency (established by the *Act*) for verification and publishing. All reports are available on the Agency’s website.

The Workplace Gender Equality Agency works with employers to help them comply with the reporting requirements of the *Act*, providing them with advice, tools, and education to help them improve their gender equality performance. Companies are not fined if they fail to comply, however, the Agency has the power to review an employer’s information and publicly name companies that fail to comply (Australia Workplace Gender Equality Act, 2012). Companies that do not comply may further be ineligible to



compete for contracts, grants, or other financial assistance from the Australian Government (Australia Department of Finance, 2019).

The reporting framework also allows the Agency to collect data and track changes across the gender equality indicators over time. This data is publicly accessible, and the Agency uses it to produce regular reports, including the annual “Gender Equality Scorecard” that provides a snapshot of the key trends in gender equality across the Australian labour force.

The design of Australia’s pay transparency legislation is noteworthy for its approach to data collection and compliance. The Agency’s activities put a strong emphasis on working collaboratively with employers to help them improve their gender performance, as well as promoting gender equality more broadly through informational tools and awareness-raising. With this approach focused on the accessibility of data and information and the provision of accessible “how-to” resources for businesses, they have managed to achieve extremely high levels of compliance without fines or heavy-handed penalties (Lyons, 2018).

However, it is unclear if Australia’s pay transparency legislation has had a significant impact on improving gender equality in its workforce. Across most of the six gender equality indicators, there have been some modest gains for women in the country since monitoring began. For example, in Australia’s 2014-15 Gender Equality Scorecard, women working full-time earned 24% less than men on an annual basis, while in 2018-19 this gap dropped to 20.8%, meaning that in the 5 years since Australian businesses have been required to report, the gender pay gap has decreased by 4% in the country (Australia’s gender equality scorecard, 2015; 2018-2019 Data Snapshot, 2019). However, as with any policy aimed at promoting gender equality, it is very difficult to determine whether the modest improvements occurred as a result of the legislation.

## 4.5 Canada

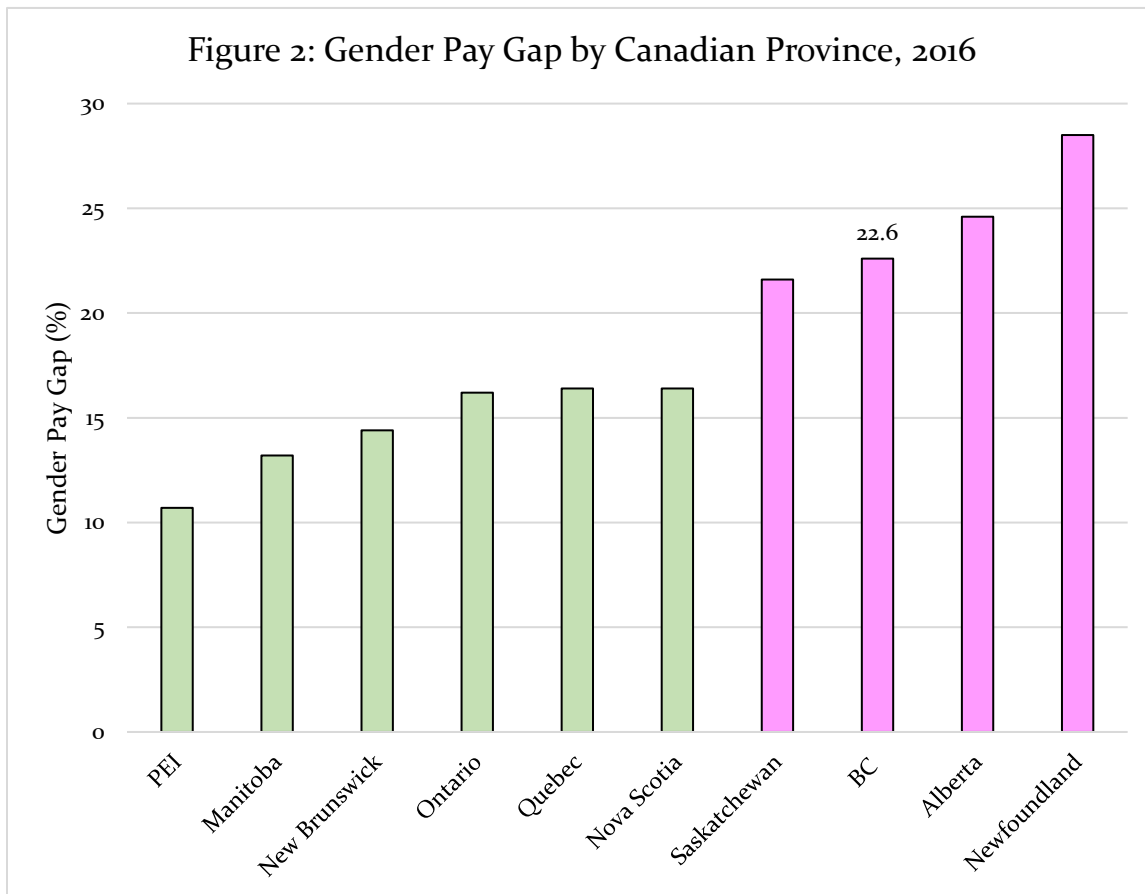
### 4.5.1 Ontario & Quebec

Ontario passed proactive pay equity legislation in 1988, with amendments in 1993. The legislation, at least at the time, was regarded by many as one of if not the most comprehensive and progressive pieces of equal pay legislation in the world (Singh & Peng, 2010, p.570; McDonald & Thornton, 2016, p.455). Notably, the legislation applies to all public and private sector companies with ten or more employees and, in contrast to a complaints-based system, requires employers to proactively address any gender pay gaps, regardless of whether a complaint has been made. Specifically, while preparing their mandatory pay equity plans, employers are required to compare male and female-dominated job classes of equivalent value — even if the comparison is between seemingly very different types of work. If a gap exists, employers must make annual adjustments of at least 1% of the previous year’s payroll until pay equity is achieved. Quebec introduced similar proactive pay equity legislation in 1996.

In 2010, Singh and Peng conducted a study of the implementation and effectiveness of Ontario’s *Pay Equity Act*. They concluded that many women have benefited from pay adjustments under the legislation, especially those working in the public sector (Singh & Peng, 2010, p.582). That said, the authors note that the pay gap persists and that there have been several issues with the bill’s implementation and with non-compliance. They cite studies that found significant levels of non-compliance among companies — sometimes due to ignorance or misunderstanding, sometimes due to lack of resources, and sometimes intentional (Singh & Peng, 2010, p.580). Compliance is hardest for small businesses for whom the

legislation poses a significant administrative burden; a 2004 study found “nearly complete non-compliance” among the smallest firms because they lacked sufficient resources to conduct proper job evaluations and establish the required comprehensive job classifications systems (Singh & Peng, 2010, p.580).

Based on these findings, the authors highlight the need to provide employers with detailed guidance and tools to support them in complying with their legal obligations. To do this, they stress the importance of ensuring that the province’s oversight body, the Pay Equity Commission, is adequately funded (Singh & Peng, 2010, p.582). This is particularly relevant since the Commission’s budget has over the years been reduced to half of what it was in the early 1990s (Cornish, 2008, p.3). Singh and Peng conclude that the issues that have arisen with Ontario’s *Pay Equity Act* are not so much a fault of the legislation, but rather its implementation.



McDonald and Thornton assessed the effects of both Ontario and Quebec’s pay equity acts by creating a synthetic-control model which simulated what the gender pay gaps would be if the provinces had not implemented the legislation (2016, p.452). They also examined the effects of the legislation on women’s employment levels. Worth noting, their model suggested there had been a slight reduction in the female-male employment ratio in Quebec since the implementation of pay equity legislation (2016, p.453). Although the authors could not attribute statistical significance to this change, it could suggest what has long been a concern about pay equity laws — that firms may respond to the legislation by hiring fewer women (McDonald & Thornton, 2016, p.468). It is worth mentioning, however, that Quebec also has the highest female labour force participation in Canada (Mahon, 2009, p.32) and it is unlikely this small effect has been detrimental overall to the feminist-based policy approach Quebec has adopted in the last few

decades. Furthermore, we believe that the greater imperative is that women are paid fairly, even if it means that companies can no longer afford to depend on women for their relatively cheaper labour. If anything, this potential unintended consequence of pay equity legislation highlights the fact that the elimination of labor-market discrimination requires both fair pay as well as complementary equal employment policies (McDonald & Thornton, 2016, p.467).

Indeed, McDonald and Thornton conclude that Quebec's legislation seemed to have a mild, positive effect on the overall gender pay gap, though Ontario's legislation seemed to have had a negligible effect, potentially due to the implementation issues highlighted above. Regardless, it is worth keeping in mind that though many women could stand to receive pay adjustments with pay equity legislation, the overall effect on the gender pay gap — especially considering that discrimination is only one aspect of the gap — could be relatively small. This suggests that while pay equity legislation has merit, it alone will not be enough to address the pay gap and must be used alongside other policy tools.

That said, the six Canadian provinces with proactive pay equity legislation all had lower overall gender pay gaps in 2016 compared to those without the legislation (Figure 2). Figure 2 was calculated using the difference between male and female full-time median weekly earnings as a share of male median full-time weekly earnings. It is worth noting that if hourly wages are used instead — which excludes the fact that women typically work fewer hours — the four provinces without pay equity legislation still have the largest pay gaps (Conference Board, 2016). This supports the conclusion that proactive pay legislation has an impact, though the remaining pay gaps are still considerable.

No Canadian province has implemented pay transparency legislation. Ontario passed such legislation in 2018, but its implementation has been indefinitely postponed by the current government (CBC, 2018).

## 4.6 Conclusions from Jurisdictional Scan

This review of the international policy landscape gives a sense of the variety of legislative instruments that target pay discrimination. Pay equity and pay transparency legislation are an important part of the overall policy toolkit available for tackling pay discrimination. If designed correctly, by a government committed to closing the pay gap, they can be effective. However, such legislation can just as easily merely give the appearance the government is tackling the problem when in reality, accomplishing very little, the Danish pay transparency law being a clear example. It is therefore essential that any such legislation be robustly designed, and that governments have the political will to tackle any pushback from businesses, especially those that profit from pay discrimination.

## 4.7 Data Collection & Gender Diverse & Gender Non-conforming People

While the focus of most equal pay legislation is on the pay differentials between men and women, it is important to recognize that gender-based pay discrimination also affects those outside the gender binary. The following literature examines how data collection on gender diverse and gender non-conforming people varies in the jurisdictions we analyzed. The research described below notes that there is a significant lack of data on the impacts that pay discrimination has on gender non-conforming and gender diverse peoples and that there are numerous challenges involved in data collection for these groups.

### 4.7.1 Benefits & Challenges of Data Collection

Surveys and censuses that rely on binary gender constructs exclude gender non-conforming and gender diverse people from their data (Bell, 2017, p.20). Thus, assessing the potential benefits of equal pay legislation for these groups presents a challenge. In order to understand how pay discrimination impacts these groups, the first step is ensuring those individuals' inclusion in data collection, in an appropriate and safe manner.

There are many potential benefits to data collection when gender diverse information is included, such as learning about the representation of people from gender minority groups in the workplace and improving societal understanding of the disparities, inequality, and discrimination gender diverse people face. This information can then be used to inform the development of laws and policies that impact gender diverse people (Fosbrook, 2019).

Of course, there are significant challenges and risks associated with data collection for these populations that must be considered. First, confidentiality and anonymity must be maintained for the safety and well-being of the individuals. This could pose a challenge to potential pay transparency protocols, as the number of gender minorities in each firm is likely to be relatively small. Furthermore, gender identity is a sensitive subject for many and employers would need to clearly explain to employees the purposes of collecting data and the arrangements in place to ensure the confidentiality of the data gathered (Bell, 2017, p.16). Even still, it is likely that many will still choose not to disclose, which would be an inherent limitation of the data. An optional opt-in protocol, however, is vital to ensuring that the privacy and safety of individuals is protected and that their personal preferences regarding disclosure is respected. If BC decides to proceed with this type of data collection and monitoring, consultation and engagement would be necessary to better understand how this could be done safely and effectively.

Though these are significant challenges, there are already a number of best practices and guidelines being developed by various organizations for collecting data from gender minority populations, which governments can reference if they are considering gathering this data themselves or requiring employers to do so (e.g. Stonewall, 2016; Williams Institute, 2017).

### 4.7.2 Jurisdictional Findings

When looking at other jurisdictions, there is very little systematic data collection taking place with regards to gender identity outside the binary of women and men. Regarding pay transparency legislation and gender pay reporting, current models fail to fully include gender diverse people. For example, Australia's pay transparency legislation defines gender as exclusively female or male. The only government guidance for companies in regards to pay reporting for non-binary employees states: "If an employee does not identify as either female or male, you do not need to include them in your workplace profile" (Australian Government, 2020, p. 14). Thus, gender minorities are effectively excluded from gender wage reporting and official statistics.

The case is similar in the UK, where employers may omit wage data for employees who do not identify as "either gender" from their gender pay gap calculations (Acas, 2019, p.9). There is, however, a little more government guidance on the subject of gender identity than in Australia. It is made clear that gender is based on self-identification and employers are reminded to be sensitive to how employees choose to identify. Furthermore, employers are encouraged to invite employees to confirm and update their gender

identification if required in the HR or payroll systems before reporting is carried out (Acas, 2019, p.9). Despite this recognition of the existence of gender diverse people, gender wage reporting is still completely binary, meaning that gender non-conforming employees will be left out of the data altogether.

Another potentially more inclusive approach to tackling the gender pay gap is a certification model like that seen in Iceland. This legislation does not require employers or employees to demonstrate that pay discrimination exists on the basis of a gender binary. Instead, employers must establish gender-neutral job descriptions for each position in their organization and then assess whether the person in the position — regardless of gender or other characteristics — is being paid in line with the assessed value of the position. In this way, the approach is almost guaranteed to directly benefit people of diverse gender identities without ever specifying the gender of the person occupying the position. Though this lack of specific identification has implications for gender-disaggregated data collection, it does help protect the privacy of these individuals and reduces risk of their unwanted exposure.

## 5. Pay Equity & Poverty Reduction

Can policies aimed at addressing pay discrimination also contribute to poverty alleviation? How many women and families would be brought out of poverty if women did not face pay discrimination, and which demographic groups would experience the largest gains? Though this connection is understudied, especially within the discipline of economics, there is a growing body of literature suggesting that promoting pay equality can reduce poverty levels, particularly among households dependent on the earnings of women, single mothers, women of colour, as well as for other marginalized households. These studies generally use statistical methods and census/labour force data to calculate the projected changes in various poverty indicators if gender-based pay discrimination was fully eliminated.

Since pay transparency and pay equity legislation are relatively new policy tools, research tracking the direct impacts of these policies on poverty *ex-post* has not yet been conducted. However, statistical analysis and econometric modelling allow us to conclude with some certainty that closing the pay gap has the potential to reduce poverty, in some cases quite substantially. Most promisingly, multiple studies suggest that the biggest reductions would be enjoyed by groups who currently face high poverty risks, such as single mothers, women of colour, LGBTQ2+ people, and those who experience multiple discrimination via the intersection of these identities. The impact of the gender pay gap on women varies depending on their social position and identity characteristics. The Canadian Women's Foundation analyzed data from the 2016 census and found that Indigenous women, women of colour, and newcomer women earned on average nearly a third less than non-Indigenous, non-racialized, and non-newcomer men respectively, putting them at a much higher risk of poverty (Canadian Women's Foundation, 2018). Therefore, policies that aim to reduce these earnings gaps by eliminating pay discrimination have the potential to bring women from marginalized groups out of poverty.

### 5.1 Institute for Women's Policy Research Study


In 2017, the Institute for Women's Policy Research (IWPR) released a study calculating how many women and families in the US would be brought out of poverty if women and men were paid equally for equal or comparable work. In order to control for pay differentials that were not influenced by discrimination, the



researchers compared the pay rates of women and men with similar annual hours of work, levels of educational attainment, age, region, and urban/rural residence and found that pay gaps existed for all permutations of these variables (Milli et al., 2017, p.1).

The study also created a hypothetical earnings distribution by making the pay of women equal to that of men with comparable employment characteristics. It found that if the pay gaps were eliminated, the result would be substantial reductions in poverty. Notably, “the poverty rate for all working women would be cut in half, falling from 8.0 percent to 3.8 percent” (Milli et al., 2017, p.1). A substantial portion of the calculated estimate for poverty reduction would be for single mothers, who currently experience a high poverty rate of 28.9%, which would fall to 14.5% in the equal pay scenario (Milli et al., 2017, p.5).

The study also linked women’s employment benefits to families. The researchers estimate that if pay equality were to be achieved in the US, the number of children living in poverty would drop from 5.6 million to 3.1 million (Milli et al., 2017, p.2). For girls, they could anticipate higher returns to their current and future educational achievements with pay equality, as well as to the economy in general.<sup>3</sup> The researchers estimated that pay equality would contribute an additional \$512.6 billion (USD) to the US economy, or about 2.8% of GDP in 2017.

**GDP could  
increase by  
2.8%** 



### **Case Study**

The poverty rate for all working women could be cut in half with elimination of pay discrimination

The researchers at IWPR emphasize that these numbers, as impressive as they are, likely understate the decline in poverty rates that would result from pay equality, as the projections did not take into account the behavioural changes that might occur in the absence of pay discrimination. These include increases in the number of hours worked, levels of educational attainment, and occupational choices of women, who could plan their personal development with the knowledge that they would be fairly compensated for their labour. This speaks to another more hidden form of injury caused by pay discrimination, which discourages women from seeking careers in fields that undervalue women’s labour and creates disincentives for women to invest in their own education.

However, a limitation of this study is that it did not consider how poverty and pay discrimination disproportionately affects racialized communities and non-heterosexual families, and whether pay equality could help bring these marginalized groups out of poverty. To account for the intersectionality of

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<sup>3</sup> The image of young children as rational agents, objectively calculating the costs and benefits of investments in their own human capital in order to make decisions for their future, is not the most believable scenario. This is nonetheless the view of the matter taken by orthodox economic theory. But rather than simply discarding this outlook altogether, it is worth noting that framed differently, in terms more accessible to non-economists, this outcome of pay equality could be quite positive. The choices made by young people from marginalized groups are substantially affected by the difficulties of growing up in a society that undervalues the labour of large swaths of the population for the arbitrary reason of identity. Removing this enduring injustice would present young people from such groups with more favourable choices and incentives.

poverty with race and sexual orientation, we look to research done by two experts on poverty and the LGBTQ2+ community in the US.

## 5.2 Intersections of Race, Gender & Sexual Orientation

For LGBTQ2+ people, a study by Badgett and Scheerbaum (2015) shows that in the US, these groups are more likely to be poor than heterosexual people with the same skill levels and employment characteristics, suggesting the possibility that pay discrimination on the basis of sexual orientation occurs in the US. Using census data, they demonstrate that racial pay gaps are also a prominent feature of the income distribution in America. The purpose of their paper is to make projections about the extent of the change in the poverty rate if some or all of these pay gaps were eliminated. Their paper is innovative, and important for our own work, in that it explicitly considers the intersections of gender, race and sexual orientation, and the poverty rates associated with various combinations of these identities.

The overall finding is that racialized groups, particularly those who face multiple oppressions (racism, sexism, homophobia), would see significant drops in poverty rates, if the racial, gender, or sexual orientation pay gaps were eliminated. Some of the findings include:

- With the elimination of the gender pay gap, the poverty rate for women in same-sex couples would fall from 7.9% to 5.4%.
- Eliminating the racial wage gap would reduce the poverty rate for African American men in same-sex couples from 14.5% to 10.9% and would reduce the poverty rate for African American women in same-sex couples from 24.7% to 16.9%.
- Without a wage gap between Hispanics and non-Hispanics, the poverty rate for Hispanic men in same-sex couples would fall from 4.9% to 3.8%, and the rate for Hispanic women in same-sex couples would drop from 9.2% to 7.4%.

A recent synthesis of Canadian academic literature on LGBTQ2+ employment, labour, and earnings was conducted by Waite (2019). A key finding of this wide-ranging review was that relevant Canadian research in this area has is relatively new, with most publications published in or since 2010 (p.5). Waite found that the majority of Canadian studies have confirmed that wage impacts based on sexual orientation do indeed occur. However, similarly to the challenges with determining the pay gap for gender diverse and gender non-conforming people, Waite identified a major research limitation in this area as being the lack of surveys and data available on the sexual orientation of workers and the broader Canadian public (p.5).

## 5.3 Pay Discrimination & Poverty Reduction in the European Union

While the projections by the IWPR and Badgett & Scheerbaum (2015) provide some impressive results for the US context, research focused on the European context provides further evidence linking pay discrimination to poverty. The crux of this research from the EU, published in a paper titled “Gender Wage Discrimination and Poverty in the EU” (Gradín et al., 2010), is broadly similar to the two discussed above. Controlling for key variables like hours worked, skill levels, and education, the authors seek to estimate the change in the poverty rate that would occur in the event that gender-based pay discrimination was eliminated entirely. They do so in the European context, with census data for 12 countries in the European Union.

Gradín et al find that women's income gains from eliminating pay discrimination would lead to a drop in the poverty level<sup>4</sup> in all 12 countries with an average reduction of 6.3% (Gradín et al., 2010, p.90). The magnitude of poverty reduction expected in each country varies depending on a number of factors, the two most important being labour force participation rates for women living below the poverty line and the extent of the pay discrimination to be eliminated. The smallest reductions would be seen in Italy (2.2%), where labour force participation rates among poor women are very low, and Denmark (2.4%), where the gender pay gap is one of the lowest in Europe. Germany (10.5%) and Portugal (10.2%) would have the largest drop in poverty levels.

Gradín et al have similar findings to the IWPR report when it comes to households which rely on women's wages for the majority of their income and single-parent households. Eliminating pay discrimination would bring a significant number of the former households out of poverty, for example in France (42.9%), the UK (40.3%) and Germany (31.6%), and with an average for all 12 countries of (33.6%). For single-parent households, the vast majority of which are headed by women (91% on average in Europe), the average reduction in poverty rates would be lower, but still substantial at 16.7% (Gradín et al., 2010, p.91).

This study also shows that in countries with broadly similar economic foundations, for example, the developed countries of Western Europe, there is significant variation in the extent to which eliminating pay discrimination could reduce poverty. The labour force participation rates for women, and for women living in poverty more specifically, and the number of households that receive the majority of their income from women are key factors determining the potential for poverty reduction. Gradín et al also point out that any policies which remove barriers to employment for low-income women could help increase labour force participation (p.73). If pay equity legislation increases the wage rate for women, this could lead to more low-income women seeking paid employment, potentially reducing poverty risk.<sup>5</sup> The sectoral composition of employment for women at risk of poverty is also key; if low-income women are concentrated in sectors/firms with large gender pay gaps, then pay equity policies that eliminate those gaps will improve the poverty rate more than if they are concentrated in sectors with small or insignificant gaps.

Though it is beyond the scope of this paper, further research on the poverty profile of women, trans people, racialized people, and other marginalized groups, would help identify the possible extent to which pay equity policies could alleviate poverty in BC. What is certain, as shown in the three studies discussed above, is that for households where women's wages provide a large proportion of household income, pay equity could be a crucial tool in the fight against poverty.

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<sup>4</sup> Gradín et al use the poverty headcount ratio for these figures, which measures the ratio of people living in poverty in relation to the general population. Poverty is defined by the authors as someone whose monthly income is 60% of the median monthly income in their country.

<sup>5</sup> Standard economic theory would also then predict a decrease in the demand for labour, possibly leading to lower employment levels; however, this would also be partially offset by the higher supply of labour, so the final equilibrium employment level is uncertain.

## 5.4 Old-Age Poverty & Pay Discrimination

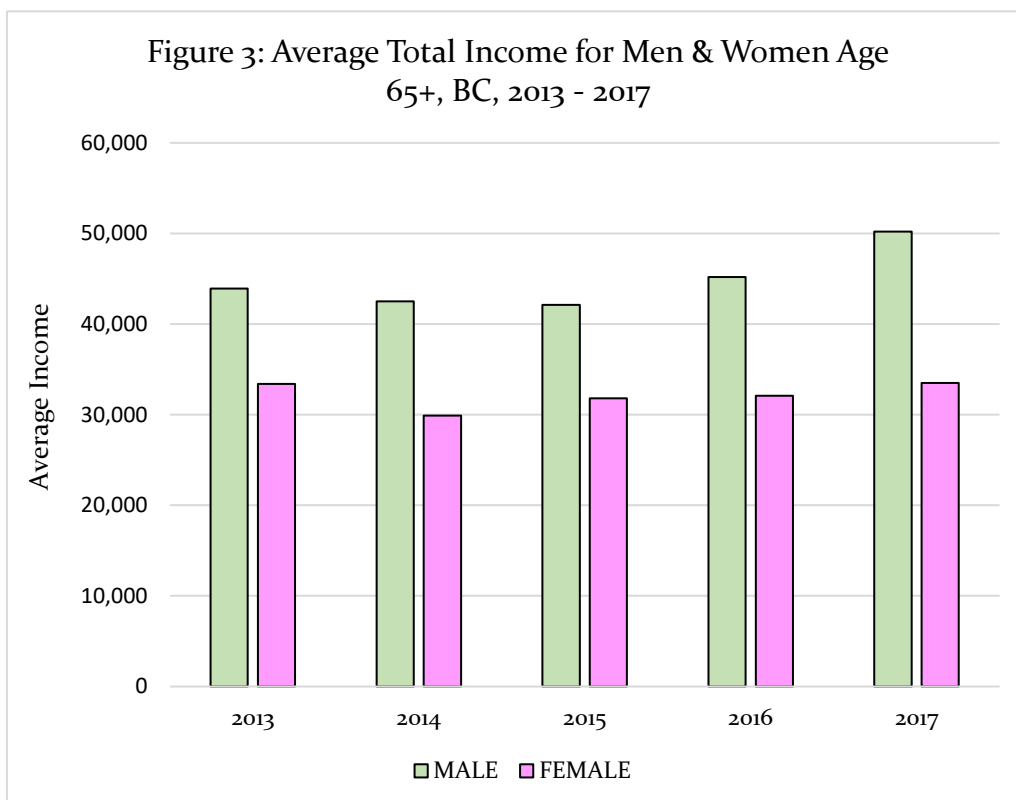
Another important, though understudied, dimension of pay discrimination and poverty is the effect that the gender pay gap has on seniors. There is considerable evidence that senior women suffer from higher rates of poverty than senior men. The “Women in Canada: A Gender-Based Statistical Report” produced by Statistics Canada in 2017 shows that senior women in Canada continue to have higher rates of poverty when compared to senior men over the past thirty-seven years (from 1976 to 2013). The report shows that senior women are also much more likely than senior men to live alone, an additional risk factor for poverty. The gender pay gap is an important cause of senior women’s poverty, as gender-based earning disparities influence the ability of women to save for retirement.

### Impact on Poverty



One in three elderly women living alone risk poverty in BC

One indication of how the gender pay gap puts women at a disadvantage when it comes to retirement savings is the disparity in the amount of Canada Pension Plan (CPP) benefits received by men compared to women, where “the median annual CPP benefit is \$8,200 for men and \$6,500 for women” (Ivanova, 2017, p.6). According to the World Economic Forum, women generally have fewer savings in retirement as a consequence of lower wages and higher share of leave time throughout their career. In casual, lower-paid positions, women may not qualify for entry into company pension plans (Lane, 2018). This could have impacts on the financial security of elderly women and could contribute to the over-representation of elderly women living in poverty.



In 2014, 96,000 seniors were living in poverty in BC and one-in-three (33.8%) elderly women living alone were classified as poor, in comparison to one-in-five (22.5%) elderly men (Ivanova, 2017, p.4). Of note, the gender gap is even more significant when considering the median income of single women over the age of 85 (\$23,710) compared to single men over the age of 85 (\$26,660); (Ivanova, 2017, p.6). According to Statistics Canada, by 2031 the population of seniors will grow to 9.6 million, of which 5.1 million will be women, and by 2061, there would be approximately 7.1 million senior women, comprising nearly a third of the total female population in Canada (Bramham, 2017). Understanding and acknowledging that the gender pay gap persists with age and has longer-term effects is essential when considering the potential impacts of policy options.

## 6. Objectives, Criteria & Measures for Legislative Analysis

### 6.1 Evaluation of Criteria

The following section describes our primary societal and government objectives, and the criteria and measures we will use to assess the types of legislation considered in this report. The main aim of the analysis is to provide an understanding of the trade-offs of the different types of legislation for addressing pay discrimination in BC. Table 3 provides an overview of these criteria and measures to evaluate policies.

### 6.2 Societal & Government Objectives

#### 6.2.1 Key Societal Objective

*Effectiveness.* The primary objective of the types of legislation analyzed in this report is to reduce the gender pay gap. We assess the effectiveness of legislative options by examining their impact on the earnings differential between men and women.

#### 6.2.2 Other Societal Objectives

*Poverty Reduction.* As we have seen, pay discrimination contributes to high poverty rates for a number of vulnerable demographic groups, like seniors, people of colour, and LGBTQ2+ people. We will assess each of the types of legislation to determine whether they might have a significant impact on poverty rates.

*Equity & Fairness.* This criterion assesses each type of legislation's impact on other marginalized groups in BC. While many researchers focus their analysis exclusively on gender, and specifically a binary view of gender, we aim to broaden our attention and use an intersectional framework to consider the impact of pay legislation on a variety of intersecting identities. Pay discrimination is experienced by groups based on race, disability, indigeneity, gender identity, sexuality, age, and more. By taking these other identities into consideration, and by expanding the concept of gender to include non-binary gender presentations, we hope to evaluate each policy's potential impact on a number of marginalized groups.



### 6.2.3 Key Government Objective

*Feasibility.* The main governmental management objective is for legislation to be implemented with minimal complexity and administrative burden. Administrative burden includes the human, physical, and financial resources required to implement the legislation. By evaluating the feasibility of legislation in other jurisdictions we will be able to assess which legislative approach can be implemented with the least burden on government resources.

### 6.2.4 Other Government Objectives

*Compliance.* The types of legislation will be assessed based on predicted compliance levels, since compliance by businesses is vital to ensuring the pay legislation is impactful. Currently, the only legislative tool for preventing pay discrimination is the BC *Human Rights Code*, which has not been successful in terms of compliance considering the pay gap remains significant. This criterion considers the challenges in terms of reporting and enforcement, and measures how realistic the suggested framework is to improve the status quo.

*Impact on Employers.* This criterion analyzes the impact on employers, especially non-profits and small businesses. Our research indicates there are debates about the potential negative impact of pay equity and/or pay transparency legislation on small businesses. Our research indicates there are debates about the potential negative impacts of pay equity and/or pay transparency legislation, including administrative and financial burdens, on small businesses. Some companies may be apprehensive of having their salary data being made public, believing it will hurt their competitive advantage. Many firms fear that any increase in wages will cut into profits, and potentially cause them to shut down. This criterion will assess the overall impact of the types of legislation options on these affected parties.

**Table 3. Criteria & Measures**

Societal Objectives		
	Criteria	Measures
<b>Key Objective: Effectiveness</b>	Reduction in the gender pay gap	Average annual earnings on the dollar for women as compared to men
<b>Poverty Reduction</b>	Reduction in female poverty	Projected ability to decrease risk of poverty for women
<b>Equity &amp; Fairness</b>	Impact on other marginalized groups	Projected ability to further disadvantage or help other marginalized groups
Government Objectives		
	Criteria	Measures
<b>Key Objective: Feasibility</b>	Ease of administrative implementation	Amount of resources required
<b>Compliance</b>	Likelihood of parties involved abiding by regulations	Projected likelihood of employer compliance
<b>Impact on Employers</b>	Stakeholder acceptance of proposed legislation	Regulatory burden on small businesses

# 7. Pay Legislation for BC

## 7.1 Types of Pay Legislation

There are several types of legislation BC could use to reduce its gender pay gap. Drawing on the experience of jurisdictions that have implemented these policies, this report describes and analyzes two potential forms of legislation BC might adopt:

- **Pay Transparency Legislation** can be used to make pay disparities visible at the firm-level and promote closing unjustified gender pay gaps.
- **Proactive Pay Equity Legislation** can be used to address the undervaluation of sectors typically dominated by women.

These types of legislation are explained and analyzed in detail in sections 8 and 9. First, we will discuss some important aspects of legislative design that apply to both types of legislation. References to “pay legislation” apply to both pay transparency and pay equity legislation.

## 7.2 Application & Implementation in BC

### 7.2.1 Threshold for Application

In each country with pay legislation, policy mandates which companies must comply with the legislation. Typically, legislation does not apply to all businesses, and thresholds are set based on company-size. The employee-size threshold number varies significantly across jurisdictions (Table 4).

**Table 4. Employee Threshold in Select Jurisdictions**

Jurisdiction	Employee Threshold <sup>6</sup>
Ontario	10+ employees
Quebec	10+ employees
Iceland	25+ employees
Finland	30+ employees
Denmark	35+ employees
Australia	100+ employees
United Kingdom	250+ employees

In BC, companies with fewer than 50 employees are classified as “small businesses” while those with more than 50 employees are considered larger businesses (BC Stats, 2019). Setting a threshold of 50+ employees would result in pay legislation applying to roughly 56% of the BC workforce, or approximately

<sup>6</sup> Note for Ontario and Quebec, the 10+ employee threshold is for their proactive pay equity legislation. Ontario’s proposed pay transparency legislation has a 100+ threshold. The thresholds for the other jurisdictions in this chart are for forms of pay transparency legislation.

1,400,000 BC workers and 8,400 businesses (BC Stats, 2019). Pay legislation previously proposed for BC suggested a threshold of application of companies with 50 employees or more.

Lowering the threshold to 30 or 20 employees would increase the proportion of the labour force covered by legislation by approximately 11% and 9% respectively. In other terms, an additional ~6,900 businesses and ~274,000 workers would be covered by legislation with a 30+ employee threshold, and this would again increase by an additional ~8,500 companies and ~224,000 workers at a 20+ employee threshold.

There is some variation between thresholds for pay equity legislation and pay transparency legislation. For instance, Ontario and Quebec set thresholds for their pay equity laws at lower levels (companies with 10 or more employees), whereas jurisdictions examined with pay transparency legislation set thresholds higher but still with variation between countries.

If BC were to introduce pay equity or pay transparency legislation, it would have to consider the trade-offs at each threshold level. With lower thresholds, a larger proportion of the workforce is covered, and more businesses would be required to comply with the legislation. However, this may impose a greater regulatory burden on government resources or monitoring capacities. As well, the resource and capacity limitations of smaller businesses would need to be considered, so too would the implications for employee privacy.

## **7.2.2 Option for Staggered Implementation**

The ideal outcome of any pay legislation would be to cover as much of the labour force as possible while not impairing the ability of businesses to employ people and remain profitable. Given the trade-offs discussed above, one way of mitigating some of the burden placed on both government and businesses would be to stagger the implementation of the policy, starting with the largest firms and organizations and gradually lowering the threshold to include a greater proportion of the workforce. Large employers usually have well-staffed HR departments with the resources and knowledge required to comply with pay transparency legislation. Similarly, any pay adjustments required by pay equity legislation could be more easily accommodated by larger firms.

Iceland used a staggered implementation approach when introducing their Equal Pay Certification amendments in 2018. They began by applying legislation to large firms and government agencies, and provided three additional years for smaller businesses with between 25-50 employees to comply. Additionally, many of Iceland's equal pay measures were introduced as much as a decade earlier, but on a voluntary basis. This meant that some firms which had already sought equal pay certification to boost their image and to improve employee morale, faced little additional burden when the certification became mandatory. Compliance with legislation could be made voluntary for smaller firms for the first few years of the policy implementation, giving them time to adjust before facing any enforcement measures. Such an initial period of voluntary compliance could make a lower employee threshold more feasible in the longer term.

## **7.2.3 Impact on Small Businesses/Stakeholders**

One of the most important considerations for policymakers is the impact that pay transparency and pay equity policies will have on the businesses and organizations that will now have to comply with new

regulations governing their pay practices. Small businesses, which have a smaller capacity to comply with these policies, and who could potentially face difficulties remaining profitable if they are overly demanding, are a concern for many governments.

To get a sense of the ability of small businesses to comply with pay legislation, the impacts such policies would have on their operations, and the response from small businesses, we considered the experience of other jurisdictions. The evidence suggests that these policies will be met with some degree of resistance from private businesses, the extent of which will vary depending on the local economic conditions and political culture. However, with the correct design, implementation, and support from government, these policies can provide long-term benefits to firms, the most direct benefit being a more motivated and productive workforce (Henley 2018).

Studies by the EU suggest that reducing the pay gap would have a variety of positive impacts on businesses, such as increasing women's labour market participation, leading to "improved and more appropriate skill utilization" (European Added Value Assessment 2013, p.20). Zooming out from the individual firm, the European Commission advises that pay transparency would end up having a net positive impact on the economy, and that all businesses could benefit from greater openness around pay (European Commission, 2017). The main challenge for policymakers and governments is to manage the short-run difficulties and potential costs of implementing pay legislation, both to government and businesses, in order to unlock some of the longer-term benefits of reducing the gender pay gap.

Despite the positive potential of reducing the pay gap, many businesses remain sceptical and concerned when equal pay legislation is proposed. In particular, businesses fear that excessively burdensome regulation will threaten their ability to remain profitable and depending on the political context, this could generate resistance to pay legislation.

The concerns of private businesses must therefore be taken seriously, and the challenge to policy makers is to develop strategies to mitigate the impact of burdens placed on businesses. Some of these strategies include the employee threshold and staggered implementation described above. Pilot implementation offers yet another option for policymakers, which several European countries used before passing pay transparency legislation. Iceland again provides a model for such an approach. Icelandic Customs, a large government agency, was asked to comply with the equal pay certification assessment, and the process was studied closely by policymakers to fine-tune details of the legislation before it became law. By doing so, they were able to streamline the process and eliminate unnecessary burdens that would have been placed on businesses without the pilot program and could also comprise a pilot stage of the provisions of the legislation before it was made into law.

It is important to stress, however, that the loss of revenue to private firms is not necessarily to be avoided at all costs. If businesses are profiting from pay discrimination, and pocketing the difference between male and female earnings, then policies seeking to close the gender pay gap should aim to eliminate this source of profit. Not all resistance from private firms will be made on legitimate grounds, as some firms will attempt to preserve the profit arising from discrimination. This indicates that a balance must be struck between supportive policies, or guidance offered to private businesses, and an enforcement regime that ensures that pay discrimination is no longer a source of extra profit for businesses.

## 7.3 Oversight & Compliance

Compliance from businesses is vital for any sort of pay legislation; without it, legislation would only be symbolic and would have little concrete impact on the gender pay gap. Compliance from businesses is vital for any sort of pay legislation. Without it, legislation would only be symbolic and have a limited impact on closing the gender pay gap. Our research examining pay legislation in other jurisdictions has found that many businesses will fail to comply with regulatory requirements if there are no consequences for non-compliance.

Of course, the first step to compliance is ensuring that the requirements for employers are clear and that there is guidance in place to help inform employers of their obligations under the legislation. After that, however, oversight is essential, including incentives to induce companies to follow the requirements. Incentives can be positive – such as issuing employer awards, certifications, or benefits to companies that comply – or negative – such as publishing the names of non-compliant companies, ineligibility for government contracts, fines, and the threat of legal pursuits.

Companies must be aware that the government is checking to ensure employers are meeting requirements of the law. Thus, whatever combination of incentives is in place, some form of oversight body is essential to ensuring the effective implementation of pay legislation.

### 7.3.1 Oversight Bodies

In many jurisdictions, pay legislation relies on an oversight body to review firms' progress on meeting legislative requirements. An oversight body monitors and holds businesses accountable to comply with such requirements. In this regard, it is important that the oversight body have sufficient ability to incentivize compliance, which might be achieved either through the specifics of legislation or through the body's institutional standing.

For BC, we recommend the establishment of an oversight body to provide oversight and compliance monitoring. Below are some key considerations for the creation of such an oversight body.

#### **Institutional Structure**

An oversight body could be a standalone statutory agency or could exist within an existing government Ministry. Most jurisdictions choose to establish a statutory agency directly through their pay legislation, which ties the agency directly to the policy's objectives. Australia's Workplace Gender Equality Agency (WGEA) is an example of this type of agency. Another example is Ontario's Pay Equity Commission, which includes a Pay Equity Office and a Pay Equity Hearings Tribunal.

Alternatively, oversight could come from a judicial body. The existing BC Human Rights Commission is an established legal authority with the power to penalize companies that fail to comply with equality measures in the BC *Human Rights Code*. However, it is an adjudication body – not a monitoring body. As such, it would require additional resources and an enhanced capacity to be equipped to monitor companies' compliance with pay legislation and adjudicate more pay cases.

The government could also potentially contract a private firm to assist with oversight, though the details of such an agreement require additional legislative specifications and consultation. However, a link to

government or the judiciary would likely still be necessary for enforcement, since a private firm would not have the power to mandate companies to comply with legislation.

Iceland is an example of a jurisdiction that uses private firms to assist with compliance monitoring; the equal pay certification that companies must acquire is obtained through accredited private auditing firms (Peng, 2018). The results of the audit are then sent to the government's Centre for Gender Equality, which oversees the process and publishes the certificates. In Iceland's case, the benefits of the use of private auditing firms are debatable. While it no doubt reduces administrative burden on the government body, the transparency of the process has been significantly reduced. Of note, the Equal Pay Standard that companies must meet is owned by an independent association that publishes Icelandic standards. They charge 10.000 ISK (\$100CAD) simply to look at the rules, which is problematic in that it limits businesses' access to information about the requirements they must meet (Peng, 2018).

Another limitation is that a private company acting as an auditor would also not provide any of the additional benefits that can come with a dedicated oversight body, such as promoting gender equality through education and awareness-raising.

### **Mandate**

Oversight bodies vary in terms of their mandate and the activities they carry out. Some oversight bodies have a fairly narrow mandate, with a heavy focus on monitoring and enforcement. Such is the case in Ontario. Their Pay Equity Office's three identified focuses are: providing employers and employees with information concerning their rights and responsibilities under the *Pay Equity Act*, investigating complaints regarding alleged contraventions of the Act including issuing compliance orders as needed, and monitoring workplaces for compliance (Pay Equity Commission, 2018).

In contrast, in Australia, their Workplace Gender Equality Agency (WGEA) has a much broader mandate of "promoting and improving gender equality in Australian workplaces". Thus, they put a heavy emphasis on working with employers to help them improve their gender performance generally, as well as to help them comply with the reporting requirements under the *Workplace Gender Equality Act*. They have numerous videos and other resources on their website for businesses about how to report their pay data. Due to the WGEA's focus on awareness-raising, they then use the data collected from employers to publish their own reports about gender labour equality in Australia. Thus, the WGEA is not focused solely on the subject of pay discrimination and does not focus on enforcement, but rather works to promote and improve all aspects of gender equality in Australian workplaces, in positive collaboration with employers.

### **Funding**

For oversight bodies to carry out their activities effectively, they must be adequately funded. Though a cost estimate of an oversight body for BC is outside the scope of this report – and would depend on the type of legislation, its reporting requirements, as well as the mandated scope of the agency – below is some cost information about oversight bodies in other jurisdictions.

In 2019, the Workplace Gender Equality Agency cost the Australian government roughly \$6.4M to run (WGEA, 2019, p.35).

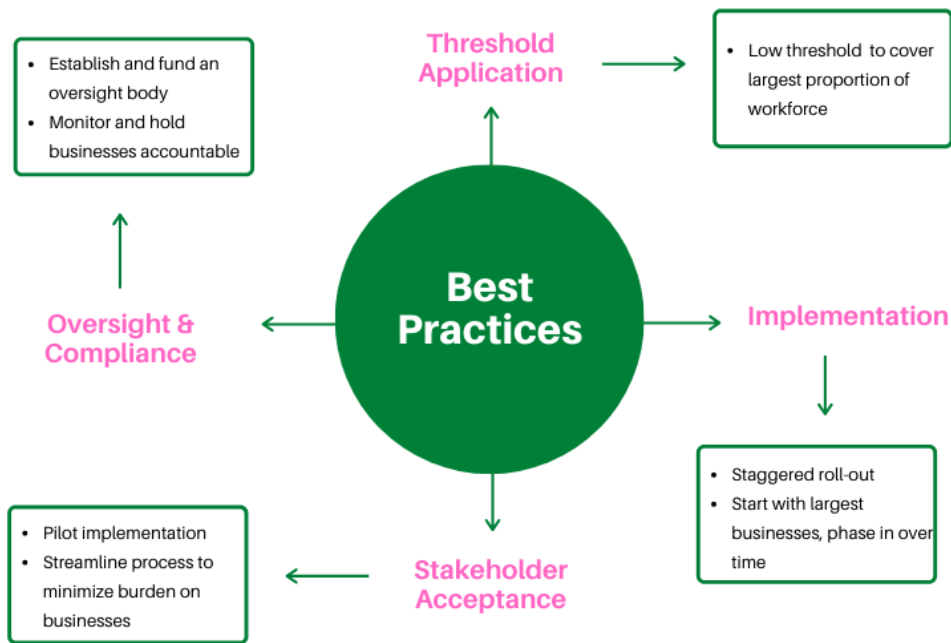
For the 2018-19 fiscal year, Ontario's Pay Equity Office cost Ontario roughly \$3.1M and Pay Equity Hearing Tribunal cost an additional \$301,000 (together making up the Pay Equity Commission); (Pay Equity Commission, 2019, p.13). Many signs, including the province's low compliance rates, point to the limited



capacity of the Pay Equity Office to effectively monitor and enforce the province’s pay equity legislation. This is not surprising seeing as the Commission’s budget has been reduced over the years to half of what is was in the early 1990s (Cornish, 2008, p.3). It is thus clear that without adequate funding, oversight bodies – and by extension any form of pay legislation – will become less effective.

**Figure 4. Best Practices for Pay Legislation in BC**

## Pay Legislation in BC



## 8. Pay Transparency Legislation

### 8.1 Overview & Objectives of Legislation

As previously mentioned, pay transparency legislation can help to expose discrepancies in male and female earnings for either comparable work (pay equality) or work of comparable value (pay equity). In BC, this type of legislation has been suggested in the past to promote pay equality and expose pay differentials between men and women performing comparable jobs.

By making earnings visible, pay transparency legislation can bring previously unseen pay discrimination to light so that individuals, firms, and policymakers might be better equipped to see the issue and act to correct it. This type of legislation has been employed in various forms around the world. Within this report, jurisdictions featured include Denmark, Iceland, Norway, Finland, Australia, and the UK (Table 5).

**Table 5. Pay Transparency Jurisdictions**

Jurisdictions	
Scandinavia	Denmark, Iceland, Norway, Finland
Commonwealth Countries	Australia, United Kingdom

Each of these jurisdictions use different measures, tools, and instruments in their pay transparency policies to meet various legislative objectives. Some jurisdictions aim just to improve individual and firm awareness or access to information on gender pay differentials, while others look to promote gender equality measures in the workforce more widely. How frequently companies must report, what they must report, and how these requirements are enforced are elements of legislative design that vary between jurisdictions.

Exposing gender pay differentials should be the first objective of pay transparency legislation. Second should be promoting action to close unjustifiable gaps. In this regard, the design of legislation is important and should include a mechanism that mandates compliance from businesses on both these fronts.

## 8.2 Legislative Design

### 8.2.1 Reporting Requirements

Pay transparency legislation mandates the type of information that companies must report on. In the UK, companies are required to publish particular wage statistics such as the differences between the mean and median hourly wages of all male and female employees. This way of reporting was also suggested in the most recent form of pay transparency legislation put forward in BC.

In Denmark and Finland, wage information is also collected and analyzed by gender, but it is additionally organized by job category. This is done so that female and male earnings can be analyzed at comparable employment levels (e.g. all managers, all directors), where employees should be paid relatively uniformly. This way of reporting provides more specific information towards the inequities at different employment levels, rather than just overall.

In Australia, firms must report data using a set of six indicators (outlined below in Section 8.2.1.1) designed to measure their performance on promoting gender equality in their labour force. These include measures that look at the gender composition of a firm’s workforce and its governing bodies, as well as looking at instances of sex-based harassment and discrimination. However, as in other countries, firms are also required to submit disaggregated employee wage data broken down by gender and employment category. The additional gender equality indicators used in Australia help monitor not only gender pay disparities, but also other workplace gender disparities that employers might also seek to address.

Pay transparency legislation also determines how frequently companies must report gender pay data and to whom. Amongst the jurisdictions examined in this report, most pay transparency policies mandate annual reporting requirements. In Australia and in the UK, firms must send their gender equality reports

to a central agency, which then makes the reports publicly available online. In contrast, in Denmark and Finland, companies only need to release their gender equality reports to employees or their representatives.

Public reporting to a central monitoring agency generates more transparency and a higher degree of accountability than if firms only report internally to employees. The other benefit is that all data is collected in a single location, making it easily accessible for individuals and firms. This information could be used to inform individual employment decisions and act as an incentive for companies to self-regulate; if their competitors offer more equitable employment and wage conditions, they could have difficulty attracting a skilled labour force. This information could also be employed by researchers and decisionmakers looking to examine a jurisdiction's overall gender pay performance.

### **8.2.1.1 Australia's Reporting Framework**

Australia's reporting framework offers ideas for best practices that BC might follow if it considers implementing pay transparency legislation. Companies with more than 100 employees are required to submit an annual report that includes a workplace profile and reporting questionnaire. The workplace profile breaks down full-time equivalent base salary and total remuneration by category of employment, employee gender, and employment status (e.g. part-time). Companies are also required to report their performance against the following six gender equality indicators:

1. Gender composition of the company's workforce
2. Gender composition of the company's governing bodies
3. Equal remuneration between women and men
4. Availability and utility of employment terms, conditions, and practices relating to:
  - a. Flexible working arrangements for employees
  - b. Working arrangements supporting employees with family or caring responsibilities
5. Consultation with employees on workplace gender equality issues
  - a. Flexible working arrangements for employees
  - b. Working arrangements supporting employees with family or caring responsibilities
6. Any other matters specified by the Minister for Women in a legislative instrument:
  - a. Incidents of sex-based harassment and discrimination

Australia's Workplace Gender Equality Agency publishes company reports publicly on their website and issues compliance letters to companies, which confirms they have met their legal requirements. Firms that do not comply are listed on the "Non-compliant List" on the Agency's website and may not be eligible to compete for government contracts or other benefits.

In addition, companies with more than 500 employees must meet an extra compliance requirement. This includes having a formal policy or strategy that meets a minimum outlined standard showing a commitment to gender equality and diversity. Although the additional requirement is flexible and minimally applied in Australia, the concept behind the requirement is sound, as it asks companies to examine and address elements that contribute gender inequality within their organizations. In Australia, close to 70% of employers have a gender equality strategy (Lyons, 2018).

Australia's model uses a comprehensive set of indicators to collect data and measure workplace gender equality performance in a meaningful way. Reports are made to a central agency, which monitors compliance and assists firms in meeting their reporting requirements. Data that is collected is clear,

standardized, and public. The Agency also regularly publishes reports based on aggregated data for Australia more broadly.

## **8.2.2 Enforcement Mechanisms**

In order to ensure that companies comply with pay transparency legislation, policies are often designed with some form of enforcement mechanism. Across jurisdictions, tools that enforce legislative compliance vary; they include encouraging self-regulation, issuing sanctions, and setting standards that companies must comply with. Enforcement mechanisms need to ensure that companies both report gaps and also to encourage them to act to close unjustified ones.

### **8.2.2.1 Voluntary Initiatives & Self-Regulation**

In Denmark, pay transparency legislation does not penalize companies for failing to meet reporting requirements or for failing to close gender pay gaps. Rather, compliance is akin to being voluntary and relies on companies undertaking action on their own. As a result of Denmark's voluntary approach, studies have reported that legislation has minimally impacted pay equality in the country.

However, self-regulation can be encouraged. For instance, in the UK and Australia, pay reports are published publicly and companies that do not comply leave themselves open to being "named and shamed," which attracts negative attention to their firm and brand. The public aspect of these models provides an incentive for firms to report and self-correct gender pay disparities. While good in theory, self-regulation on its own does not appear sufficient to encourage companies to close gaps and additional mechanisms are recommended towards this end.

### **8.2.2.2 Issuing Fines & Sanctions**

In some other jurisdictions, fines and other financial penalties are sometimes used to enforce compliance with pay legislation. In Quebec, companies that fail to comply with pay equity laws open themselves up to fines, the exact amount being tied to company-size. Iceland also applies fines to companies that fail to meet its certification requirements, 50,000ISK (\$500CAD) per day for non-compliance (Peng, 2018). A similar approach might be adapted to potential pay transparency legislation in BC, as a penalty against non-compliance with reporting or closing gaps. Fines also help to generate revenue, which may be used to offset the costs of regulating pay legislation.

For BC, fines could be tailored to fit particular sectors. The magnitude of fines could also be made proportionate to revenue or profits, to dissuade businesses from choosing to operate without certification, and merely accepting fines as the cost of doing business.

To get a sense of the impact this would have on larger companies, consider a firm like Telus Corporation in BC, which had an annual revenue of \$14,386,000,000 in 2018 (Mitham, 2019). The \$500 per day fine would result in an annual fine of \$180,000. This is significantly less than their total revenue, only 0.0013%. However, the impact would be more substantial if the same fine was imposed on companies with lower annual revenue. For example, Vecima Networks Inc.'s 2018 revenue was \$78,104,000 (Mitham, 2019). The \$500 daily fee would result in an impact on revenue of 0.23%.

Although not significant in terms of annual revenue, when evaluated at the margin these fines could still be sufficient to incentivize firms to obtain a certificate; that is, if the cost of certification is less than the ongoing costs of fines, firms are likely to respect equal pay principles and go through the certification process in order to avoid fines. However, if firms instead choose to absorb the cost of fines, it is then clear that they are profiting, quite significantly, from maintaining pay disparities. In such cases, policy makers could consider increasing the fines with each additional month of non-compliance.

In Australia, companies are not fined for non-compliance with pay transparency legislation. However, firms that do not meet reporting requirements may be considered ineligible to compete for government contracts and other forms of financial benefit or assistance, which provides a further financial disincentive against noncompliance.

### **8.2.2.3 Setting Standards**

Regulations, like standards, are tools designed to encourage a particular policy output. In this case, a reduction in the gender pay gap. The underpayment and undervaluation of women's work in the economy can be considered a market failure. A standard helps to address that market failure by setting a minimum requirement for firms to match. For BC, a standard might establish a minimum requirement to report and/or reduce workplace gender inequities to a particular level.

Standards for pay transparency are seen in both Australia and Iceland. In Australia, firms receive a compliance letter from the Workplace Gender Equality Agency, approving that they have met their legal reporting requirements for that year. In Iceland, companies are certified when they meet the government's pay equality standards. The Iceland model functions by mandating that employers with more than 25 employees obtain a gender equality standards certificate, which confirms that their employees are paid equally, according to their skills, qualifications, and the demands of the job.

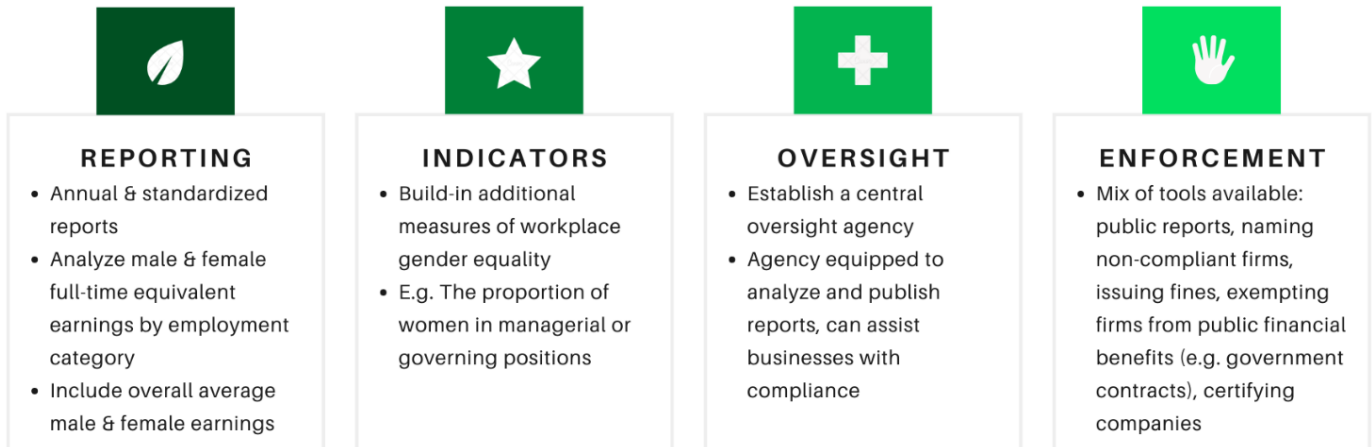
Compliance with a pay equality standard would need to be monitored, and monitoring would require government resources. A balance would also need to be struck between making the standards targeted enough in design, yet not overly costly for businesses to meet. Still, the application of standards in the more robust models of pay transparency and gender equality legislation seen elsewhere in the world suggest BC might consider this approach for regulating pay equality.

## **8.3 Analysis for Application in BC**

Pay transparency legislation would make pay gaps more visible within organizations, pressuring individuals and companies to address gender pay discrepancies. However, there is mixed evidence about whether transparency in and of itself will reduce gender wage and earning gaps. Legislation also needs to mandate action on closing unjustified gender pay gaps. For BC, potential pay transparency policy should encourage companies to disclose and close.

Figure 5. Suggestions for Applying Pay Transparency Legislation in BC

## PAY TRANSPARENCY LEGISLATION



A key benefit of pay transparency legislation is its relative ease of implementation. The concept is straightforward and there are several existing models to work from. There is also substantial room for policy flexibility to meet BC's unique needs. Previous legislative proposals for a policy of this kind have set some foundation for this policy within BC, which future legislation could build off. BC might also wish to draw on information from Australia's reporting framework, since it encourages companies to look at gender pay disparities and other signs of gender inequality in their organization.

Still, there is a fair amount of uncertainty when it comes to projected compliance levels by businesses, both in terms of meeting reporting requirements and acting to close gender pay gaps. In some jurisdictions, apathy towards gender pay gaps – including unwillingness to acknowledge gaps and address them – has challenged the effectiveness of pay transparency policies (Aumayr-Pintar, 2018, p.11). As previously discussed, establishing an agency or body to monitor and assist businesses in meeting their statutory requirements would increase compliance and acceptance of legislation among business stakeholders.

Reporting requirements also need to be clear and reasonable, so as not to unduly burden businesses. At the same time, businesses cannot be relied on to self-regulate gender pay gaps. Legislation that includes an enforced-upon compliance mechanism, like a fine or penalty, is expected to increase the number of firms following the policy's requirements.

In most jurisdictions, pay transparency data is collected either through employee pay surveys or human resources information. The former could allow for individuals to self-report data and could also be opened to include categories for gender diverse people and other minorities, which human resources information sometimes misses. Since data on how pay discrimination affects gender diverse people and minorities is



limited, building these categories into reporting requirements might extend the benefits of pay transparency legislation to these groups.

However, consultation with these groups would be necessary prior to developing policy, particularly since it does not appear that this type of reporting is done elsewhere in the world and more insight would be necessary to better understand its impacts. It would also be important to consider how a lower threshold of application for legislation might reduce anonymity for members of these groups, and how legislation might not be broad enough to fully grasp the unique employment challenges faced by minorities and gender diverse folks. It would also be important to consider how a lower threshold of application for legislation might reduce anonymity for members of these groups, and how legislation might not be broad enough to fully grasp the unique employment challenges faced by minorities and gender diverse peoples.

The move towards pay transparency legislation internationally has only really been undertaken in the last decade, and there is limited data to support the claims that it can mitigate a systemic economic and social problem like pay inequity. Pay transparency is also limited in its ability to assist women working in female-dominated sectors, whose occupations are traditionally undervalued. If there are few or no men working at such firms, this legislation will but stunted in its ability to reveal pay inequities.

Because it is unclear the extent to which this type of legislation could prove effective in resolving pay disparities, it is also unclear if it could have an impact on poverty levels. Relative to the other types of legislation, there is a weaker link between pay transparency legislation and lower levels of poverty.

**Table 6. Analysis of Pay Transparency Legislation**

Objectives/Criteria	Advantages & Drawbacks
<b>Key Objective:</b> <b>Effectiveness:</b> Reduction in the gender pay gap	<ul style="list-style-type: none"> <li>✓ Makes ‘the problem’ visible: Identifies wage gaps within firms</li> <li>✓ Offers potential for improvement at the firm-level</li> <li>✗ Effectiveness relies on enforcement mechanism</li> <li>✗ Limitation: Does not address systematic undervaluation of women’s work in female-dominated sectors</li> </ul>
<b>Poverty Reduction:</b> Reduction in female poverty	<ul style="list-style-type: none"> <li>✗ Limited impact on wages for women at risk of poverty</li> </ul>
<b>Equity &amp; Fairness:</b> Impact on other marginalized groups	<ul style="list-style-type: none"> <li>✓ If data reported for racialized and gender diverse groups, opportunity for equal pay benefits to those groups</li> <li>✗ Policies implemented elsewhere do not mandate reporting on multiple categories of identity (e.g. gender non-conforming, race, or disability status)</li> </ul>
Objectives/Criteria	Advantages & Drawbacks
<b>Key Objective:</b> <b>Feasibility:</b> Ease of administrative implementation	<ul style="list-style-type: none"> <li>✓ Flexible policy design options for BC</li> <li>✓ Previously brought forward for consideration in BC</li> <li>✓ Adopted in other jurisdictions</li> </ul>

<b>Compliance:</b> Likelihood of parties involved abiding by regulations	<ul style="list-style-type: none"> <li>✓ Flexible options for designing enforcement mechanism (e.g. shaming, sanctions)</li> <li>✗ Low compliance observed in some jurisdictions where enforcement mechanisms are limited</li> </ul>
<b>Impact on Employers:</b> Stakeholder acceptance of proposed legislation	<ul style="list-style-type: none"> <li>✓ Of proposed types of legislation, pay transparency would be the most acceptable to BC businesses</li> <li>✓ Options to mitigate burdens on small business with threshold of application</li> <li>✗ Possible push-back from affected businesses</li> </ul>

## 9. Proactive Pay Equity Legislation

### 9.1 Overview & Objectives of Legislation

While pay transparency legislation helps make pay disparities visible for individual employees, pay equity legislation goes further in tackling pay discrimination by addressing the systematic undervaluation of female-dominated occupations both within firms and in society at large. This form of legislation can incorporate best practices from New Zealand, Ontario, and Quebec, while recognizing that many international jurisdictions do not draw as straight a line between pay equality (equal pay for equal work) and pay equity (referring to undervaluation of women’s work, or equal pay for work of comparable value).

Here, we divide pay equity legislation into two different types: proactive pay equity legislation, and non-proactive pay equity legislation. Jurisdictions used in the analysis include:

**Table 7. Pay Equity Jurisdictions**

Jurisdictions	
<b>Commonwealth Countries</b>	New Zealand
<b>Canada</b>	Ontario, Quebec

Though Canada has enacted pay equity legislation federally, due to the limited scope of the legislation (only applies to federally regulated companies), its relative newness (became law in December 2018), and the fact that provincial examples would likely be more relevant to our analysis for BC, we have not included the federal legislation in this analysis. Similarly, though other provinces besides Ontario and Quebec have a form of proactive pay equity legislation in place, those two provinces are the only ones where the legislation applies to the private sector as well as the public sector. Due to this comprehensiveness, they are therefore generally seen as the model for proactive pay equity legislation.

#### 9.1.1 Non-proactive Pay Equity Legislation

It is worth noting briefly that New Zealand is taking a novel approach to addressing systemic sector-wide pay discrimination. Their new bill proposes a process that is similar to BC’s current system but does more to facilitate the settlement of pay discrimination claims between employers and employees. It has a

mechanism to get multiple employees involved, so that the employer negotiates collectively, even though the original claim was brought by an individual. The claims-based approach, although it has serious drawbacks, does have the advantage of placing no burden on firms that do not engage in pay discrimination. Thus, it is politically feasible to enact something similar, especially if government is facing political pressure or resistance from the business community.

### 9.1.2 Proactive Pay Equity Legislation

Canada is quite unique in that it is the only country we studied where jurisdictions (provinces and the federal government) have begun adopting legislation aimed specifically at addressing the systematic undervaluation of many female-dominated occupations in a proactive manner. This type of proactive pay equity legislation aims to ensure that workers in female-dominated job classes and jobs traditionally carried out by women are paid at similar rates as male-dominated job classes of equivalent value, following the principle of “equal pay for work of equal value.” Two aspects of this type of legislation are particularly unique and worth highlighting:

- This approach can help address the undervaluing of women’s labour in entire sectors, such as education, healthcare, hospitality; and
- It puts the onus on employers to prove that they are addressing any pay equity gaps. This is in contrast to a complaints-based system (like is currently in place in BC) and is what we mean by the term “proactive.”

## 9.2 Legislative Design

There is a lot of similarity in how proactive pay equity legislation is implemented in Canadian jurisdictions. In Ontario and Quebec, as well as in the new federal legislation, employers are required to:

1. Identify job classes within their workplace.
2. Determine whether each job class is female-dominated or male-dominated (or gender neutral).
3. Use an objective methodology to evaluate the “value” of each job class, as based on the level of skill, effort, responsibility, and working conditions of the job.
4. Determine if a pay gap exists by comparing the compensation of female-dominated and male-dominated job classes of equivalent value.
5. Develop a pay equity plan in order to address any pay gaps.
6. Maintain pay equity over time.

Though the definition of a “female-dominated” job class can vary by jurisdiction, a 60% threshold is the most commonly used threshold. In other words, if 60% or more of a job class is occupied by female workers, it is determined to be a “female-dominated job class.”

When comparing male- and female-job classes of equivalent value, a direct comparison is ideal. However, if there are no male-dominated job classes of equivalent value at a firm, legislation show allow for a “proportional value” method of comparing the compensation of job classes. In 1993, the provincial NDP government in Ontario amended the province’s *Pay Equity Act* to allow this method of comparison (Singh & Peng, 2010, p.577).

Finally, the “proxy method” of comparison is an option if there are no male-dominated job classes at all within a company. Proxy comparison allows employers to compare their female-dominated job classes to the same female job classes in another organization. In Ontario, the 1993 amendments introduced this method of comparison for use in the public service and it is estimated that this extended the Act’s coverage to 100,000 female public sector workers (Singh & Peng, 2010, p.577).

### **9.2.1 Maintenance Provisions**

From our research, we have found that the maintenance aspects of pay equity legislation — to ensure that once pay disparities have been addressed that pay equity is maintained — is an area that needs to be strengthened in existing provincial models. The lack of clear, regular reporting structures has been highlighted as a weakness of the Ontario model (Vandenbeld, 2016, p.29).

Quebec made amendments to their Pay Equity Act in 2009 to strengthen its maintenance provisions. Now, employers must conduct a pay equity audit every 5 years to ensure that they are maintaining pay equity within their organizations, as well as fill out a short, online form each year. Compliance has significantly improved since these amendments were introduced with “little administrative burden for employers” (Vandenbeld, 2016, p.31). Thus, we propose similar maintenance provisions for a BC model.

### **9.2.2 Enforcement Mechanisms**

As our jurisdictional scan shows, legislation without any enforcement mechanisms will result in lower compliance levels amongst firms. As the 2016 federal Report of the Special Committee on Pay Equity stated: “the key to the successful implementation of a pay equity regime is that there be the ability to monitor compliance” (p.29).

In Ontario, if an employer does not implement or achieve pay equity by their compliance deadline, the employer is liable for pay equity payments retroactive to the date when pay equity should have been achieved in the company. The Pay Equity Commission, to which employees or bargaining agents can make complaints, has dedicated Review Officers with powers to investigate complaints, settle disputes, and issue compliance orders.

In Quebec, there is a similar complaint process to an Equity Commission. The key difference is that in Quebec, there is also a range of fines that can be imposed on companies for non-compliance, depending on the size of the company. Furthermore, the names of companies that have been fined are published online. The fines are as follows:

- \$1,000 - \$15,000 for companies with fewer than 50 employees;
- \$2,000 - \$30,000 for companies with 50 - 100 employees;
- \$3,000 - \$45,000 for companies with 100 or more employees.
- For a second or subsequent offence, the amounts are doubled.

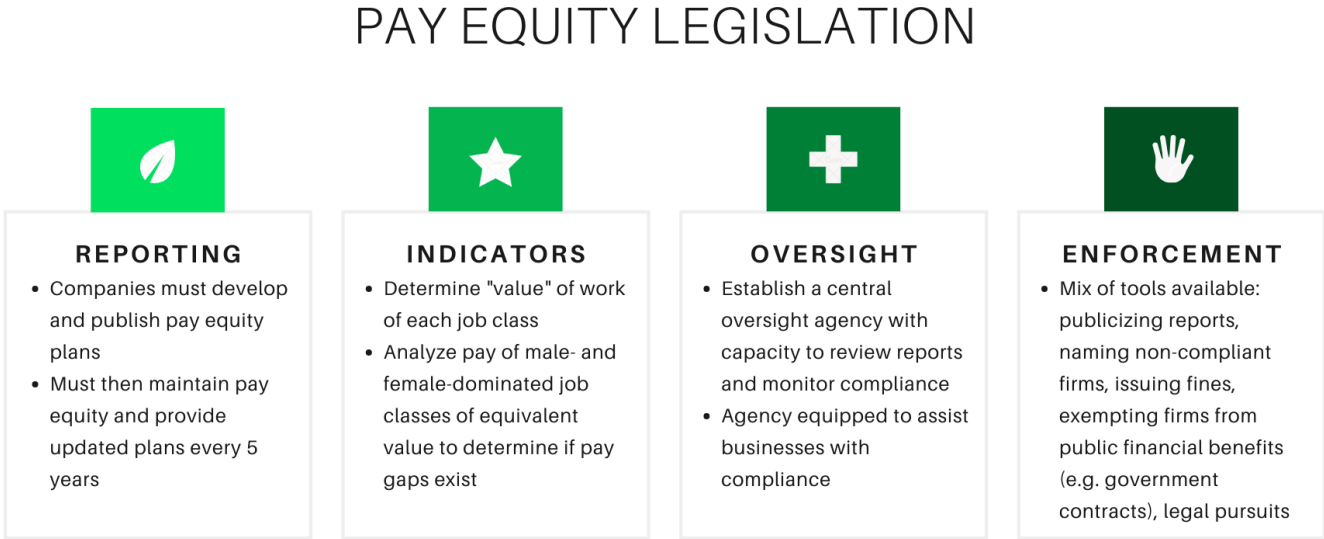
BC may wish to implement similar fines to help induce higher rates of compliance.

## **9.3 Analysis for Application in BC**

Proactive pay equity legislation has been shown to have some degree of success. For example, the six Canadian provinces with such legislation have the smallest pay gaps. However, the overall effect on the gender pay gap may be relatively small and will depend heavily on the degree of compliance. Despite this, we still consider this form of legislation to be an effective approach to reducing gender pay inequity, because its effective implementation would likely result in considerable pay raises for many women. One limitation of this policy is that due to its focus on pay inequity at the level of job classes, it does not address pay discrimination between individuals, or help women working in male-dominated professions who still might experience pay discrimination.

Although this legislation would raise the wages for many women whose work is currently being undervalued, it does not include any intersectional lens or address forms of pay discrimination for other marginalized groups. While it would help raise wages for people of all genders, including gender diverse people, working in undervalued sectors, it does this by using binary-focused language.

**Figure 6. Suggestions for Applying Pay Equity Legislation in BC**



Due to the complexity of the job class pay comparisons that this type of legislation requires, including determining the “value” of each job class, the smooth implementation of this legislation would require a significant amount of effort on the part of government, including providing support and resources to help businesses understand and comply with the new regulations. However, as mentioned there is similar legislation in other Canadian jurisdictions to look at for best practices in this regard.

Additional government resources would be required to ensure that the legislative requirements are being enforced and maintained. This would include ongoing funding for an oversight body, as discussed above

in Section 7.3.1. As our research has demonstrated, compliance for this type of legislation is very dependent on the robustness of monitoring and enforcement mechanisms.

As with the introduction of any form of regulatory requirements, some initial pushback from businesses is expected. However, Ontario and Quebec both have found that the cost of their provincial proactive pay equity laws was not significant and not as costly as employers had initially feared. Since the regimes were introduced, the average cost to private sector companies has been approximately 1.5% of payroll (Vandenbeld, 2016, p.13). Furthermore, Ontario introduced government funding to assist community-based organizations in making their pay equity adjustments and meet their pay equity obligations (Singh and Peng, 2010, p.577). If BC wanted to mitigate potential adverse impacts on certain businesses, similar targeted measures could be introduced.

**Table 8. Analysis of Proactive Pay Equity Legislation**

Objectives/Criteria	Advantages & Drawbacks
<b>Key Objective:</b> <b>Effectiveness:</b> Reduction in the gender pay gap	<ul style="list-style-type: none"> <li>✓ High probability of female-dominated occupations seeing increases in wages</li> <li>✗ Limitation: Does not address discrimination at the individual level</li> </ul>
<b>Poverty Reduction:</b> Reduction in female poverty	<ul style="list-style-type: none"> <li>✓ Expected wage increases for women in undervalued occupations, who are often most at risk of living in poverty</li> </ul>
<b>Equity &amp; Fairness:</b> Impact on other marginalized groups	<ul style="list-style-type: none"> <li>✗ Does not directly address forms of pay discrimination for other marginalized groups</li> </ul>
Objectives/Criteria	Advantages & Drawbacks
<b>Key Objective:</b> <b>Feasibility:</b> Ease of administrative implementation	<ul style="list-style-type: none"> <li>✗ Would require substantial government resources for implementation (provision of information and resources to businesses) and monitoring</li> <li>✓ Other Canadian provincial examples to use as models</li> </ul>
<b>Compliance:</b> Likelihood of parties involved abiding by regulations	<ul style="list-style-type: none"> <li>✓ Flexible options for designing compliance mechanisms</li> <li>✗ Impact of legislation depends heavily on compliance mechanisms</li> </ul>
<b>Impact on Employers:</b> Stakeholder acceptance of proposed legislation	<ul style="list-style-type: none"> <li>✗ Expected push-back from businesses in BC due to administrative burden, especially during initial implementation</li> </ul>



# 10. Additional Approaches to Reducing the Pay Gap

## 10.1 Iceland's Equal Pay Certification Model

In 2018, Iceland introduced a new legislative approach to reduce gender-based pay discrimination, which requires firms and organizations with more than 25 employees to actively prove their pay practices are free of discrimination. They must obtain an equal pay certification to confirm that they are paying their employees according to their skills, qualifications, and the demands of the job. Companies are required to connect pay to gender-neutral job descriptions and associated roles and responsibilities, ensuring that no discrimination on the basis of gender and other identity factors exists when determining employee remuneration.

The pay equality certification framework fills some of the gaps left open by both pay transparency and pay equity legislation. Where pay transparency merely mandates that pay disparities be brought to light, and pay equity focuses on rectifying the under-remuneration of female-predominant sectors, Iceland's approach calls on employers to eliminate disparities in all job positions, regardless of their gender composition.

Equal pay certification, performed by accredited auditors, is intended to confirm that when decisions about pay are taken, they are based on relevant considerations and not the identity of employees. For this, the company or institution undergoes a certification process in order to establish that its equal pay management system is implemented according to the requirements as set out in a management standard (Wagner, 2018, p.25). Currently Iceland is the only jurisdiction that has implemented this framework (though Portugal is considering something similar), which is why this report references this approach as the "Iceland Model."

### 10.1.1 Considering the Iceland Model for BC

In a pilot trial of the Equal Pay Certification, Icelandic Customs and an anonymous private firm with over 250 employees undertook a rigorous analysis of their pay policies, in line with the requirements of the certification process. The pilot revealed many of the positive aspects of the model, most regarding the provisions for the difficult task of evaluating the value of each job position within the firm. Many HR managers responded positively to the process, at the same time as registering some concerns with the burden it could place on businesses (Wagner, 2018, p.16).

A similar pilot implementation process, at a large government agency or private firm could be the best way for BC to determine if this model would be appropriate for the province. There are incentives for private businesses to participate in such a trial of the certification process, as it would likely be a high-profile activity that would garner positive attention from the media and public. Managers in the Icelandic pilot noted that the process improved morale greatly, especially among their female staff, who felt their work was more appropriately acknowledged, even if they themselves did not receive an adjustment to their pay (Wagner, 2018, p.29). Additionally, the granting of an official equal pay certificate, whether in a pilot or in an official roll-out can make firms much more attractive to prospective employees and could

be used in marketing or promoting the businesses that attain certification. The head of the Icelandic business confederation, Hannes Sigurðsson, stated that the standard would “improve a company’s image in the eyes of its customers, and make its workforce a whole lot happier” (Henley 2018).

When it was first designed in Iceland, the equal pay certificate was a voluntary standard that firms could independently attain, and many did so, or expressed interest in doing so to promote their businesses as respecting gender equality. BC could also consider introducing a similar voluntary period, to allow businesses the freedom to carry out job classifications and make the necessary pay adjustments, without the pressure of sanctions.

This form of legislation satisfies several of our evaluation criteria better than the other forms of legislation. In terms of effectiveness, we expect pay equality certification would lead to the greatest reductions in pay discrimination, whether based on gender or any other identity. The rigorous criteria, where every job in a firm must be classified and valued, would make it difficult for pay discrimination to continue without firms facing sanctions. If a reasonable level of compliance were attained, we would additionally expect to see an impact on poverty reduction.

In terms of our equity criteria, this is the only type of legislation that is guaranteed to directly benefit people of diverse gender identities. Whereas proactive pay equity legislation is necessarily structured around binary notions of gender, with its explicit requirement of defining female-predominant job classes, pay equality certification does not require either employers or employees to demonstrate that pay discrimination exists within their firm on the basis of binary gender. The principle of universality, typical of the Nordic welfare state, ensures that all citizens would benefit from the policy if implemented. Pay discrimination on the basis of race, ethnicity or indigeneity would therefore also be addressed through this policy model, without explicitly naming racialized groups as the target of state assistance, which can generate stigma and resentment.

One risk of the equal pay certification process is that although it ensures that all employees are paid equally if they are creating equal value in their work, it does not address the occupational segregation which concentrates women in lower-paid positions within firms. This fact was actually noted by one of the managers involved in the pilot implementation, who worried if there was, “some preconceived notion that jobs mainly held by women are less valuable than jobs held by men” (Wagner 2018, p.29). The same manager stated that the firm would endeavor to keep such considerations in mind when hiring and determining wages in the future. This suggests that equal pay certification could nicely compliment pay equity legislation, which aims to remedy such “preconceived notions.”

The challenges of implementing this legislation are however quite significant and cannot be ignored. Resistance from business groups would be strong, especially in the context of BC, where the political culture is much less amenable to such far-reaching social regulation as in a Nordic country like Iceland. Business interests are well-organized and politically active and would very likely push the government to limit the scope of the policy as much as possible. Though the Icelandic business confederation was initially quite positive about equal pay certification when it was a voluntary standard, and was a key participant in the initial design of the standard, they were much less supportive when it became mandatory by law (Wagner, 2018, p.20).

Significantly, however, few businesses were willing to openly organize against the equal pay amendments, given the wide support for gender equality measures in Iceland. A representative of Business Iceland stated: “It’s quite difficult to come out publicly against a measure that enhances gender equality. But I

think it's clear there is opposition to the method. We would have preferred the process to be bottom-up" (quoted in Henley 2018). What this demonstrates is the advances in the wide public acceptance of the principle of gender equality that may have to occur in BC for an equal pay certification law to be tolerated by business.

The certification process in Iceland is relatively new and untested, making it difficult to assess the full impacts and effectiveness of the new law. The model has so far only been introduced in Iceland and is untested in other jurisdictions. Given the much smaller population of Iceland, there may be challenges scaling up this model without introducing administrative complexities or undue burdens. As a legislative approach which applies to all BC businesses under a given employee threshold, it would be difficult to implement in the province at this time. However, it remains a promising model for BC to monitor, and a pilot implementation, or an application with a very limited threshold applying only to the largest businesses, could be feasible with sufficient support by government and the public.

## 10.2 Complementary Policies & Considerations

Although the primary purpose of this report is to explore the effectiveness of different forms of legislation in addressing pay discrimination, the literature suggests that other policies may complement pay legislation and be highly effective in further reducing the gender pay gap. In addition, we note that in jurisdictions where pay legislation exists, other factors may be impacting the overall pay gap and contributing to its mitigation. Therefore, we believe it is important to consider some of these additional factors and policies that can also contribute to reducing gender-based pay disparities.

### 10.2.1 Strong Unions

Collective bargaining by strong unions that ensures the inclusion of strict equal pay clauses in collective agreements is very effective at minimizing pay gaps, but it requires there to be a relatively high rate of union coverage to have an effect on a jurisdiction's overall pay gap. The important role of unions in this regard was highlighted in the interviews we conducted; several interviewees mentioned that legislation alone will not effectively reduce the pay gap without the presence and encouragement of union activism. New Zealand's new legislation emphasizes the importance of unions to achieve pay equity. The impact of unions and collective bargaining on the gender pay is significant: unions impact wage levels and distribution; unions contribute to the improvement of minimum standards; and unions broaden the bargaining agenda (Harré, 2007, p.52).

### 10.2.2 Parental Leave

In 2018, the World Economic Forum ranked countries for gender wage parity and the five top-ranked countries were all jurisdictions that offered paid parental leave for both parents (World Economic Forum, 2018). In Iceland, government legislation guarantees both fathers and mothers three months of paid leave each, including an additional three months to divide between them, with the objective of reducing the wage gap and increasing the time parents are available to spend with their children (Iceland Ministry of Welfare, 2000). Implemented in 2006, the *Act on Maternity/Paternity Leave and Parental Leave* resulted in Iceland closing 10% of their gender wage gap in the span of six years (World Economic Forum, 2017).

In Norway, their paid mandatory parental leave policy has also been found to decrease the gender pay gap. As more men take parental leave, that action assists with eliminating bias and normalizing parenting in the workplace. Further, it diminishes gendered norms and traditional social construction of the “woman’s” role as a caregiver. The total benefit period for birth parents is 49 weeks at 100% pay, and 59 weeks at 80% pay. As a result of this policy, almost 70% of women in Norway work, and there is a continuous push for fathers to take more parental leave (Zalis, 2018).

Historically, Nordic countries (Norway, Sweden, Finland, Denmark and Iceland) have been leaders in the introduction of “family-friendly” policies. In addition, they have implemented policies to promote employment opportunities for women — increasing GDP per capita by 10-20% over the past 40 to 50 years (Zalis, 2018).

### **10.2.3 Childcare**

In Denmark, partially subsidized and affordable childcare enables more women to enter the workforce. The state covers 75% of childcare costs and will completely subsidize the cost if your income falls below a certain level. Due to this policy, more than 78% of women ages 25 to 54 contribute to the labour force (Zalis, 2018). Quebec provides a unique perspective on childcare policy in Canada, as it is the only province to have a universal child daycare program, where the cost of daycare is subsidized (Stalker & Ornstein, 2013, p.2). Since the 1990s, Quebec began introducing more feminist-oriented programs to integrate paid work and family, promote gender equity, and reduce family poverty (Cleveland, 2015, p.102). Of note, Quebec has the highest labour force participation rates for mothers, and this is likely due to the affordability aspect these policies support (Mahon, 2009, p.32).

BC, in comparison, has faced challenges in establishing a robust childcare program, and parents face significant monthly fee costs with limited governmental subsidization and long wait times (Arsenault et al., 2018, p.2). These barriers reduce the effectiveness of childcare policy in reducing the gender pay gap as seen in other jurisdictions.

### **10.2.4 Education & Awareness**

In addition to the types of legislation explored in this report, we found that some jurisdictions such as Ontario as well as some EU countries, implemented “soft law” practices, which involve raising awareness through implementing an “Equal Pay Day” (EU Publications, 2018). Considering the low level of public knowledge of the gender pay gap in some countries, this may be an effective approach to adopt in BC as a small step towards pay gap mitigation.

### **10.2.5 Fair Minimum Wage**

In expert interviews, the importance of a fair minimum wage was emphasized as a key tool for poverty reduction. Information from the International Labor Organization suggests that women are over-represented in low-paying jobs around the world (ILO, n.d.), making minimum wage policies important to support the reduction of the gender wage gap. Canada-specific data also backs this up: 6 out of 10 minimum wage earners across the country are women; most minimum wage employees find themselves working in accommodations or food service, or the retail sector (Statistics Canada, 2018).

# 11. Recommendations & Next Steps

This report has described and analyzed multiple legislative policy tools that can reduce the gender pay gap in BC. The rationale behind our recommendations is that no one policy alone will eliminate pay discrimination in the province. Since there are multiple contributing factors behind the gender pay gap, each policy will inevitably leave some forms of pay discrimination intact, even while effectively addressing other aspects of the pay gap.

The exact policy choices which determine BC's way forward depend on a number of factors, mainly the government's long-term objectives and policy priorities. Although this report presents pay transparency and pay equity legislation independent of one another for analysis, there are advantages to implementing them together. This approach would address multiple aspects of pay discrimination, especially its hidden nature and its entrenchment in the labour market. These pieces of legislation would also address the income disparities caused by the over-representation of women in lower paid sectors of the labour market.

## Short-term: Implement Pay Transparency & Proactive Pay Equity Legislation in BC

Pay transparency would help promote pay equality in BC by highlighting pay gaps that exist within firms and encouraging them to close those gaps. Importantly, this type of legislation provides a foundation for further action by mandating the release of the data needed to identify pay discrimination. The information and data can then be used to inform future policies. In contrast, pay equity legislation would help to address the systematic undervaluation of women's work by analyzing the pay and value of jobs traditionally segregated by gender. Proactive pay equity is a complementary policy to pay transparency and can further reduce the pay gap by ensuring that people working in female-dominated occupational groups are being paid the same as other occupations of equivalent value.

With that in mind, our research indicates that for any type of pay legislation that BC chooses to adopt, the effect on the gender pay gap is dependent on the details of policy design and adopted tools. Key elements include clear reporting requirements, sufficient guidance for businesses, and a well-funded oversight body. This report has provided a broad overview of best practices that may be adopted from existing Canadian and international legislation to enhance effectiveness in closing the pay gap.

## Long-term: Monitor Iceland's Equal Pay Certification Model

Although this legislative approach is relatively new and untested, its potential for reducing the pay gap, contributing to poverty reduction, and helping other marginalized groups are all significant. Additionally, it approaches the issue in a way that pay transparency and pay equity do not, which ensures that pay discrimination against gender diverse people is identified and rectified. We recommend that this model, and the outcomes from its implementation in Iceland, continue to be studied and considered by policymakers. A pilot implementation period, where the equal pay standard is trialed in a select number of firms or government agencies, or establishing the equal pay standard as a voluntary certification that businesses can independently attain, would be the best ways to determine whether this policy is viable for BC. The BC government should consider consulting with business groups and labour unions about the design of a future equal pay certificate for the province. Such consultations were crucial for getting such

a strenuous form of regulation passed in Iceland. These and other efforts to get all affected parties on board with the legislation will all contribute to making this policy more feasible in the future.

## 12. Conclusion

Gender-based pay discrimination is an ongoing societal problem, with women and gender diverse peoples continuing to earn lower rates of pay than men working in similar positions. There are also entire sectors of the economy, with workforces predominantly made up of women and other marginalized populations, that are chronically undervalued compared to their essential role in society. No single policy action can tackle what is a complicated, multi-faceted societal problem.

Luckily, there are many legislative tools available to the BC government to address this issue. This report has examined different types of legislation that have been enacted around the world to address pay discrimination and close the gender pay gap. In considering how these policies might work in BC, we focused on different elements of policy design and how effective these policies have been towards reducing the pay gap in other jurisdictions. In a comprehensive analysis, we considered how pay transparency and pay equity legislation might be legislated and implemented in BC.

We recommend that the province implements both pay transparency and proactive pay equity legislation, while continuing to monitor the progress of Iceland’s equal pay standard. **Pay transparency legislation** gives employees, companies, the government, and the public the knowledge and data they need to identify and address gender pay gaps within organizations. **Pay equity legislation** addresses the systemic undervaluation of labour in female-dominated occupations. These are occupations that have been historically marginalized as “women’s work” and thus chronically undercompensated despite the important work they do.

For all types of pay legislation, their effectiveness lies in the details of policy design. For example, compliance among businesses is vital for legislation to have an impact, and thus measures to promote compliance must be included in legislation. Reporting requirements must be clear and transparent, and support must exist to help businesses understand their obligations under the legislation. Then, sufficient incentives for compliance must be in place. Here, the wide array of options available – including publicizing reports, naming non-compliant firms, exempting firms from public financial benefits (e.g. government contracts), and issuing fines – offers governments significant policy flexibility. To monitor compliance and provide enforcement as required, the establishment of a central oversight body is also essential, with the resources it needs to effectively carry out its mandate.

Importantly, our research also found that effectively addressing the pay gap could also help alleviate poverty in BC – supporting the provincial government’s poverty reduction strategy. Pay discrimination is a major contributor to poverty in some households, especially where women are the primary wage earner. This impact extends to other marginalized groups in society, such as women of colour and LGBTQ2+ people. Additionally, BC has high rates of poverty among senior women, indicating the pay gap creates challenges for women looking to save for retirement.



This report concludes with a discussion of additional approaches to reduce the gender pay gap. We highlight the importance of other complementary non-pay specific policy interventions – in areas such as childcare, parental leave, encouraging collective bargaining via labour unions, education and awareness, and fair minimum wages – to further improve gender equality in BC workplaces.

Many different tools to eliminate pay discrimination are available to government, but like any policy, they all come with trade-offs. The cost to government budgets, the potential resistance from private businesses to additional regulations, the economic inefficiencies caused by administrative requirements, must all be considered by policymakers. Is the elimination of one of society's most pervasive and damaging forms of discrimination, one that potentially undervalues the labour of half of the population, an objective worthy of these costs? That is the question facing government and its decision-makers, and it is our hope that this report contributes to an answer that can end the discrimination against workers on whose labour society depends.

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# 14. Appendix

## 14.1 Summary of Interviews

### *Sharan Burrow, General Secretary of the International Trade Union Confederation, Belgium*

Sharan Burrow has been part of the longstanding fight for women, particularly women in the trade union movement, to achieve pay parity. In addition to her current role as president of the International Trade Union Confederation (first elected in 2010 and re-elected subsequently), she serves as a panel member on the UN Secretary General's High-Level Panel for Women's Economic Empowerment.

In our conversation, Ms. Burrow spoke in particular about how women and other marginalized people are disproportionately represented in lower-wage sectors of the economy. When asked about potential policy responses to this issue, Ms. Burrow identified fair minimum wages as a tool that can often help ensure women (amongst others) are not living in poverty. She also mentioned the importance of broad and supportive social policies – such as childcare policies – towards reducing the number of women facing economic insecurities.

Speaking on pay equity, Ms. Burrow described how moving towards equal pay for work of equal value can be a complicated objective. Pay equity, more than just pay equality, needs to determine how to align skills, competence, degree of technical difficulty, amongst other factors. Collective agreements can often be used as a tool to achieve that alignment.

Ms. Burrow also spoke supportively of legislative options that our team suggested might help to combat BC's gender pay gap: pay transparency and pay equity legislation. When asked about how this issue and these types of legislation might make it onto the government's agenda, she spoke about the importance of feminist advocacy in bringing economic inequalities to light. Notably, how coalitions of “women, trade unions, and civil society groups” have been successful in past lobbying efforts for gender equality measures.

### *Confidential - Former union leader and labour lawyer, BC*

This interview was conducted with a former union leader with the Hospital Employees Union, who has over 20 years of experience in the fields of employment and labour law. They played a central role in the campaign for pay equity clauses, as part of the collective agreement negotiated between the union and the government of British Columbia in the 1990s. We gained valuable inside information about that long and difficult bargaining process, which — after a strike action — was eventually successful.

They also informed us of a case where the existing BC *Human Rights Code* was used successfully in a pay equity dispute. The claim involved discrimination and unequal pay arrangements for female practical nurses. These workers are not registered nurses, but work alongside RNs in delivering frontline care. Male hospital employees also perform the same work, but under the job title of “orderly,” and in the 1990s, were paid at higher rates than their female equivalents. This bureaucratic sleight of hand provided implicit justification for the pay discrimination between workers performing virtually the same labour. The case was taken before the BC Human Rights Tribunal, which found the pay practices to be discriminatory.

This example illustrates nicely both that the existing policy environment can be effective in remedying pay discrimination, but that it also favours claimants who have support from a union or representation from

an equivalently powerful institution. For workers without such backing, the current system makes it very difficult and costly to make a successful pay discrimination claim. Workers face substantial barriers in attempting to make a claim on their own. The interviewee agreed that this was a gap that proactive pay equity legislation could effectively fill.

The lawyer emphasized that resistance from the private sector is the single biggest limiting factor in passing pay equity legislation and remedying the pay gap in general. Many companies which profit from pay discrimination are unwilling to give up those gains and would fight hard to stop or water down pay equity legislation. They also noted that firms elsewhere have already tried to fix their pay gaps by decreasing the wages of men (usually by holding them fixed for a period), allowing them to retain the profits of discrimination, but now from a different source. This tactic requires attention from policymakers when drafting legislation. For one, it would be a red line for the labour movement. Few things damage building solidarity more than pay cuts which only apply to some members and not others. Union support for pay equity legislation would require this danger being mitigated.

Regarding poverty reduction, the interviewee thought that any efforts that successfully reduced the gender pay gap would likely lower the poverty level. But they stressed that again it came down to legislation being properly designed. Women working in retail chains and other sectors where minimum wage labour is common could see little benefit from pay equity if it were designed in a way that would primarily target professionals and managers. The bigger issue in low-pay sectors is that even the men are paid far less than the value they create. A study by the CCPA on the pay ratios of CEOs compared to workers highlights how corporations benefit not just from underpaying women, but from underpaying all their workers.

#### ***Honourable Stephanie Cadieux, Surrey, BC***

Stephanie Cadieux is a BC Liberal Member of the Legislative Assembly (MLA), representing the riding of Surrey South. She previously served as the Minister of Children and Family Development, Minister of Social Development, Minister of Labour, Citizens' Services and Open Government, as well as the Minister of Community, Sport and Cultural Development. As a member of the official opposition, MLA Cadieux has been working hard to advance the pay equity agenda and has introduced two private members' bills focused on tackling gender pay discrimination.

First, in 2018 she introduced the *Equal Pay Certification Act* in the BC Legislature. This piece of legislation proposed an Icelandic-style model, where companies with over 50 employees would need to prove they are paying their employees according to the principle of "equal pay for equal work" by obtaining official certification. Then, in 2019 and again in March 2020, MLA Cadieux introduced the *Equal Pay Reporting Act*, which is similar to the UK's pay transparency legislation and, if passed, would require businesses of 50 or more to report wages and bonuses by gender on an annual basis.

MLA Cadieux admitted that the second bill was introduced as a much more palatable and administratively feasible option, and recognized that one of its limitations is that it does not propose any substantial enforcement mechanisms and is based solely on companies' own self-reporting. The goals of such legislation, she claimed, would be to start the discussion about the issue and make people more aware of existing pay gaps. She said that it is a challenge in itself to get many people to believe that there remains a pay gap issue in BC. Thus, this legislation would provide solid evidence to make that case. In this way, MLA's Cadieux's remarks supported the idea of a staggered approach for BC, potentially beginning with a form of pay transparency and then building off that. She mentioned that concerns regarding cost to



government as well as pushback from businesses were additional reasons for starting with a milder form of legislation.

The MLA also recognized that as private members' bills, the likelihood of either of her bills getting passed is low. She said that her goal is to get the topic of gender pay discrimination on the government's agenda and demonstrate that there are a number of legislative options available to the government.

MLA Cadieux also confirmed the distinction between "equal pay for equal work" and "equal pay for work of equal value," noting that her efforts have been focused on the former aspect. This differs from our approach, where we also recommend a form of proactive pay equity legislation to address the undervaluation of many female-dominated occupations.

Lastly, when asked about potential links to poverty, MLA Cadieux did not see any direct links. When asked about whether pay transparency legislation could or should include reporting on the wage data of other marginalized groups, MLA Cadieux stated that it would be more feasible to start just with reporting on gender statistics.

***Dr. Jill Rubery -- Professor of Comparative Employment Systems and Director of Work and Equalities Institute at Alliance Manchester Business School***

Dr. Rubery completed her Ph.D. at the University of Cambridge in 1987. Working in applied economics, she has focused her research on comparative analyses of employment systems, particularly from an intersectional feminist lens.

Dr. Rubery has written extensively on the pay gap and has acted as an advisor to a number of international organizations on matters related to gender equality in labour markets. Her advisory positions have included roles on the Equal Opportunities Commission, International Labour Organization (ILO), the United Nations Economic Commission for Europe (UNECE), the Organisation for Economic Co-operation and Development (OECD), and the European Trade Union Confederation (ETUC).

In Dr. Rubery's view, pay transparency legislation does little to help low-income earners, and thus has a minimal impact on poverty reduction. As well, she observes that it does not address the systematic undervaluing of women's work, disparities in employment categories between men and women, as well as gender segregation in certain occupations.

Additionally, Dr. Rubery highlighted the fact that disparities between male and female earnings increase at higher income deciles. This can skew the overall appearance of the size of the pay gap, and also suggests that pay transparency policies may benefit women at the "top" more than those at the "bottom." As a result, Dr. Rubery advocates for policies that focus on increases to the minimum wage.

Dr. Rubery recognized that for pay transparency legislation to be effective, it needs to be mandated and regulated across sectors and firms. She noted that voluntary or private reporting allows for wage data to remain siloed within firms and does not guarantee actual transparency or accountability for firms. Dr. Rubery also suggested that BC follow the lead of other provinces such as Ontario and Quebec who have set new pay transparency and equity standards in Canada.

A significant takeaway from Dr. Rubery's interview is that pay transparency legislation is not a one-size-fits-all policy. Legislation aimed at promoting social and economic equality between men and women needs to be adaptable to suit the needs of women at different income levels.



## 14.2 Summary of Jurisdictional Scan

Table 9. Summary of Jurisdictional Scan

Summary of European Union			
Jurisdiction	Type of Pay Legislation	Legislative Elements	Observed Outcomes
European Union	<i>European Economic Commission - Equal pay for male and female workers for equal work or work of equal value (1957)</i>	<ul style="list-style-type: none"> <li>Central body tracks the progress of EU Member States taking action on gender-based pay discrimination.</li> <li>Issues recommendations and reports on policy best practices</li> </ul>	<ul style="list-style-type: none"> <li>A number of EU Member States have made significant strides in closing gender-based pay gaps.</li> <li>Several Nordic countries recognized as having some of the most progressive gender equality policies in the world</li> </ul>
Summary of Select Scandinavian Countries			
Jurisdiction	Type of Pay Legislation	Legislative Elements	Observed Outcomes
Denmark	<i>Act on Equal Pay for Men and Women (2006)</i>	<ul style="list-style-type: none"> <li>Targets companies with 35+ employees, who must report pay data and disclose gender-based disparities</li> <li>Firms provide an opportunity to consult with management on the reported pay gap results</li> <li>Employers can opt to voluntarily conduct a pay equity analysis and implement a pay equity plan as an alternative</li> </ul>	<ul style="list-style-type: none"> <li>Only 30% compliance rate</li> <li>Did not increase the wages of female employees</li> <li>The overall effect was a reduction in the aggregate wage bill of 2%, small reduction in gender wage gap</li> </ul>
Finland	<i>Act on Equality between Women and Men (2005); (2014)</i>	<ul style="list-style-type: none"> <li>Targets companies with 30+ employees</li> <li>Employers are required to prepare a “gender equality plan” every two years</li> <li>Data for gender equality plans are collected through regular employee pay surveys</li> <li>Mandatory pay audits</li> </ul>	<ul style="list-style-type: none"> <li>High rates of compliance, between 65-85% in 2012</li> </ul>
Iceland	<i>ÍST 85 - The Equal Pay Standard – Certification Model (2018)</i>	<ul style="list-style-type: none"> <li>Targets companies with 25+ employees</li> <li>Every three years, companies must provide evidence they are paying men</li> </ul>	<ul style="list-style-type: none"> <li>Only been in effect one year; continue monitoring for success indicators</li> </ul>

		<p>and women equally for jobs of equal value</p> <ul style="list-style-type: none"> <li>• Daily fine of 50.000ISK (\$500CAD) for non-compliance</li> <li>• Initially only applies to large companies and government agencies, but will extend in the next few years to all but the smallest businesses</li> </ul>	
<b>Norway</b>	<i>Pay Transparency</i>	<ul style="list-style-type: none"> <li>• Provides complete transparency about all citizens' salaries — regardless of employer, sector, or company size</li> </ul>	<ul style="list-style-type: none"> <li>• Empowerment of marginalized groups</li> <li>• Political culture an important determinant</li> </ul>

**Summary of Select Commonwealth Countries**

<b>Jurisdiction</b>	<b>Type of Pay Legislation</b>	<b>Legislative Elements</b>	<b>Observed Outcomes</b>
<b>United Kingdom</b>	<i>Pay Transparency via Equality Act Regulations 2017 (in effect 2018)</i>	<ul style="list-style-type: none"> <li>• All companies with 250+ employees must publish an annual report</li> <li>• Report must include the differences between the mean and median hourly pay of male and female employees and the proportions of male and female employees in each pay quartile</li> </ul>	<ul style="list-style-type: none"> <li>• Only been in effect one year; continue monitoring for success indicators</li> </ul>
<b>New Zealand</b>	<i>Government Service Equal Pay Act (1960)</i>  <i>Equal Pay Act (1972)</i>  <i>Equal Pay Amendment Bill (2018 – not officially passed)</i>	<ul style="list-style-type: none"> <li>• The new bill decreases the need for claims to be adjudicated in the courts</li> <li>• Encourages mediation similar to the way unions and firms engage in bargaining</li> <li>• Responsibility falls on employee</li> </ul>	<ul style="list-style-type: none"> <li>• Pay gap has decreased from 16.2% in 1998 to 9.3% in 2019</li> <li>• The new bill has not officially passed, unable to effectively analyze success indicators</li> </ul>
<b>Australia</b>	<i>Workplace Gender Equality Act (2012)</i>	<ul style="list-style-type: none"> <li>• Mandatory reporting requirements for companies with more than 100 employees</li> <li>• Annual public reporting</li> <li>• Public shaming of companies that fail to comply</li> </ul>	<ul style="list-style-type: none"> <li>• Modest gains for women since monitoring began</li> <li>• Extremely high rates of compliance</li> </ul>

**Summary of Select Canadian Provinces**

<b>Jurisdiction</b>	<b>Type of Pay Legislation</b>	<b>Legislative Elements</b>	<b>Observed Outcomes</b>
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<b>Ontario</b>	<i>Pay Equity Act (1988)</i>  <i>Pay Transparency Act (2019) (not implemented)</i>	<ul style="list-style-type: none"> <li>• Public &amp; private sector employers with 10 + employees</li> <li>• Employers must compare female-dominated job classes to male ones of equal value and address gaps (adjustments limited to 1% of the employer's payroll per year)</li> </ul>	<ul style="list-style-type: none"> <li>• Pay increases for thousands of women</li> <li>• Very small overall effect on the gender pay gap</li> <li>• Evidence of non-compliance among employers</li> </ul>
<b>Quebec</b>	<i>Pay Equity Act (1996)</i>	<ul style="list-style-type: none"> <li>• Applies to public &amp; private sector employers with 10+ employees</li> <li>• Employers must compare male- and female-dominated job classes of equal value and address gaps within 4 years</li> <li>• Explicit fines for compliance plus public publishing of names of non-compliant companies</li> <li>• Required self-audits every 5 years and companies required to fill out an online form annually</li> </ul>	<ul style="list-style-type: none"> <li>• Has had mild, positive effect on reducing the gender pay gap</li> <li>• Compliance estimated around 84% (2016)</li> </ul>

## 14.3 Data for Small Businesses in BC

Table 10. Breakdown of Small Businesses in British Columbia, 2018

	NUMBER OF BUSINESSES	PERCENT OF TOTAL
Total businesses with 0 to 4 employees	428,400	83%
Self-employed without paid help	315,200	61%
Businesses with 1 to 4 employees	113,200	22%
Businesses with 5 to 9 employees	39,100	8%
Businesses with 10 to 19 employees	25,800	5%
Businesses with 20 to 29 employees	8,500	2%
Businesses with 30 to 49 employees	6,900	1%
<b>Total Small businesses</b>	<b>508,700</b>	<b>98%</b>
Businesses with 50 to 99 employees	5,100	1%
Businesses with 100 to 149 employees	1,400	0%
Businesses with 150 to 199 employees	600	0%
Businesses with 200 to 249 employees	400	0%
Businesses with 250 to 299 employees	200	0%
Businesses with 300 or more employees	700	0%
<b>Total large businesses</b>	<b>8,400</b>	<b>2%</b>
<b>Total all businesses</b>	<b>517,100</b>	<b>100%</b>

Source: 2019 Small Business Profile, BC Stats

## 14.4 Analysis of Iceland’s Equal Pay Certification Model

Table 11. Analysis of Iceland’s Equal Pay Certification Model

Objectives/Criteria	Advantages & Drawbacks
<b>Key Objective:</b> <b>Effectiveness:</b> Reduction in the gender pay gap	<ul style="list-style-type: none"> <li>✓ Early positive progress in reducing the pay gap in Iceland</li> <li>✗ Limitation: Does not address systematic industry-wide undervaluation of female-dominated sectors</li> </ul>
<b>Poverty Reduction:</b> Reduction in female poverty	<ul style="list-style-type: none"> <li>✓ High probability of long-term poverty reduction</li> </ul>
<b>Equity &amp; Fairness:</b> Impact on marginalized groups	<ul style="list-style-type: none"> <li>✓ Positive impacts for other marginalized groups, based on work-classes as opposed to identity classes (e.g. gender, race)</li> </ul>
Objectives/Criteria	Advantages & Drawbacks
<b>Key Objective:</b> <b>Feasibility:</b> Ease of administrative implementation	<ul style="list-style-type: none"> <li>✓ Similar policy previously suggested for BC</li> <li>✗ Higher level of administrative and budgetary resources needed to implement and maintain</li> <li>✗ Certification framework relatively new and untested</li> <li>✗ Congruency with BC political culture – less acceptance in BC for principles of pay equity compared to Iceland</li> </ul>
<b>Compliance:</b> Likelihood of parties involved abiding by regulations	<ul style="list-style-type: none"> <li>✓ High levels of compliance due to strict regulations and consequences</li> <li>✗ Relative size of fines may result in little change of behaviour of larger companies</li> </ul>
<b>Impact on Employers:</b> Stakeholder acceptance of proposed legislation	<ul style="list-style-type: none"> <li>✗ Expected push-back from businesses</li> <li>✗ Of proposed types of legislation, certification would be least acceptable to BC businesses</li> </ul>