

# Pay Transparency Reports: A Crystal-Clear Guide For Reporting Employers



Introduced in May 2023, BC's *Pay Transparency Act* (the "**Act**") is intended to reduce the comparatively high gender pay gap in the province. One of the Act's primary purposes is to increase awareness about the pay gap by requiring employers to compile and post annual "pay transparency reports" ("**PTR**"). Each PTR must compare hourly pay, overtime pay and bonus pay between men, women and non-binary employees.<sup>1</sup> The obligation to post PTRs is being imposed in phases, based on the size of an employer's workforce. Employers with over 1000 employees must complete and post a pay transparency report by November 2024, followed by employers with over 300 employees in November 2025 and employers with over 50 employees in November 2026.

## **Overview of the Act**

A relatively short piece of legislation, the Act largely consists of two main parts, Employer Obligations and Reporting.

### **EMPLOYER OBLIGATIONS**

Part 2 of the Act sets out three employer obligations relating to pay in the context of hiring and managing employees. First, employers must include information about the expected salary or wage when advertising for available job opportunities,<sup>2</sup> however, information about bonuses or overtime pay, tips or benefits need not be included. Second, employers are prohibited from asking job applicants about the pay they have received from former employers.<sup>3</sup> Third, employees cannot be dismissed, suspended, demoted, harassed or otherwise disciplined for inquiring about pay practices or the contents of the employer's PTR. The Act also protects employees' freedom to reveal their pay to co-workers or job applicants and to report their employer to the Director of Pay Transparency for non-compliance with the Act.<sup>4</sup>

### **REPORTING**

Part 3 of the Act deals with the requirements for developing and publishing PTRs. Employers are required to make reasonable efforts to collect information about gender and pay from their employees, which includes giving employees annual opportunities to provide such information.<sup>5</sup> Once employers finalize their PTR, they must promptly publish it and it must remain posted until a new PTR is released.<sup>6</sup>

## Preparing Pay Transparency Reports

The first step in preparing a PTR is collecting gender information from employees. Employers should make it clear to employees that information about their gender identity is being sought for the sole purpose of preparing a PTR in accordance with the Act and that the disclosure of such information is voluntary. The Government of BC recommends that employers consult the Gender and Sex Data Standard,<sup>7</sup> which offers guidance for the collection of gender data and provides recommended gender classifications, such as man/boy, woman/girl and non-binary person. Employers should also take care to comply with obligations under applicable privacy legislation, including the B.C. *Personal Information Protection Act*, when collecting and disclosing personal information from employees.

Once gender information has been collected, the employer must analyze that information and calculate any discrepancies in pay between genders. The results of these calculations must be included in the PTR along with basic information about regular and overtime hours, salary, bonus pay, overtime pay, and which gender categories are being compared, amongst other things. The employer must then either publish the PTR on their website or, if they do not have a publicly accessible website, post it in their workplace and make it available to any member of the public upon request.

Though the PRT process may seem daunting, the BC government helpfully developed a Pay Transparency Reporting Tool (“**PTRT**”) to assist employers with their reporting obligations under the Act. The [PTRT, available online](#), will automatically generate a PTR using information about pay and gender uploaded by the employer.

## Managing Post-PTR Impacts

PTRs may pose challenges for employers beyond the significant administrative efforts required to produce them. When PTRs reveal gender pay gaps to the workforce, employers will be at risk of receiving backlash from employees and incurring reputational damage. Ideally, employers will be able to justify pay gaps by showing that the discrepancies are attributable to merited differences in seniority, expertise or performance as opposed to unearned privilege, bias or discrimination. Even if gaps are largely justifiable, however, employers should prepare to meet employee demands for detailed and robust plans to address and mitigate gaps in pay.

For employers whose reporting obligations do not kick in until 2025 or 2026, it may be prudent to take immediate steps to reduce gender pay gaps. Employers who make proactive efforts to address pay gaps now may be able to report comparatively small gender pay gaps in their first PTRs, demonstrating their commitments to reducing pay gaps and solidifying their reputations as leaders in pay equity.

The upcoming release of PTRs by millenary employers in November will mark a shift toward greater employer accountability and transparency with respect to pay. Along with ensuring compliance with the new pay transparency regime, employers should strive to align their pay policies and practices with the changing political and organizational culture in which gender parity is paramount.

## Footnotes

1. British Columbia, Ministry of Finance, *Pay Transparency Report* (2024).

2. *Pay Transparency Act*, S.B.C. 2023, c. 18, s. 2.

3. *Ibid* at s. 3.

4. *Ibid* at s.4.

5. *Ibid* at s.6.

6. *Ibid* at s.7.

7. British Columbia, Province of British Columbia, *Gender and Sex Data Standard*, version 1.0 (2023).

*The content of this article is intended to provide a general guide to the subject matter. Specialist advice should be sought about your specific circumstances.*

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