

NEW GUIDANCE FOR NAVIGATING PAY TRANSPARENCY REPORTS

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In the evolving landscape of workplace equality, pay transparency has emerged as a critical tool for promoting fairness and trust within organizations. The *BC Pay Transparency Regulation*, updated as of July 2, 2024, sets out clear guidelines for employers to follow when preparing pay transparency reports.^[1]

For more information about the other rules and obligations under the *Pay Transparency Act*, please check out McMillan's [previous bulletin](#) on the topic.

What Is Pay Transparency?

Pay transparency is the practice of openly sharing information about pay structures, salary ranges, and any discrepancies that exist between different groups of employees, particularly along gender lines. The goal is to foster a culture of equity, where employees are confident that they are being compensated fairly, and to address any unjust pay gaps.

Key Requirements for Pay Transparency Reports

To ensure compliance with the *Pay Transparency Regulation*, the report must include several essential elements. This includes the following mandatory employer details:

- the name and mailing address of the organization;
- the applicable North American Industry Classification System (NAICS) 2022 sector code;^[2]
- the start and end date of the 12-month reporting period, typically corresponding to the organization's previous fiscal or calendar year;
- the total number of employees in British Columbia as of January 1 of the reporting year, categorized within ranges of 50 to 299 employees, 300 to 999 employees, and 1,000 or more employees;
- the specific gender category used for comparison (e.g., women, non-binary, unknown, or men); and
- the result of the pay gap calculation.

The results of pay gap calculations should be detailed and must include:

- salary data (ordinary pay) before deductions, excluding any bonus or overtime pay;
- special salary, in situations where an employee is paid a lump sum for work with no set number of hours;
- the number of hours worked corresponding to the salary;
- bonus and overtime pay received during the reporting period; and
- the number of overtime hours worked that can be attributed to the overtime pay.

Employers also have the option to include a general statement about the employer or comment on any data constraints, but this is not required.

Privacy Considerations When Collecting Employee Information

A crucial part of preparing a pay transparency report is gathering gender information from employees, but this needs to be done while maintaining compliance with BC's privacy laws. Employers are responsible for managing and protecting employee information in line with the *Freedom of Information and Protection of Privacy Act* or the *Personal Information Protection Act*. This includes ensuring that all data collected is handled with the utmost confidentiality and security.

Employers should inform their employees that their gender information is being collected solely for the purpose of preparing a pay transparency report. Participation is voluntary, and if an employee chooses not to disclose their gender, their pay information will still be used but their gender should be marked as "unknown."

Key Takeaways for Employers

The updated *Pay Transparency Regulation* mandates that employers include specific details in their pay transparency reports, such as employee counts, salary data, and pay gap calculations. By adhering to the *Pay Transparency Regulation* and utilizing the available tools, employers can contribute to a more equitable and transparent workplace.

If you have any questions about how the Act affects your business, please contact a member of McMillan's Labour & Employment Group.

[1] The Government of British Columbia's [Guidance for Preparing Pay Transparency Reports Using the Online Reporting Tool](#).

[2] NAICS codes are numerical codes used to classify businesses based on their primary economic activity. They help in organizing industry data for statistical analysis, regulatory compliance, and economic policy. To find the appropriate code for your business, consult Statistics Canada's [classification structure](#).

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A Cautionary Note

The foregoing provides only an overview and does not constitute legal advice. Readers are cautioned against making any decisions based on this material alone. Rather, specific legal advice should be obtained.

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