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The pay gap caused by wage discrimination in New Brunswick results in significant lost tax revenues and increased health and social program expenditures, according to a new study to be submitted to the Standing Committee on Law Amendments studying a pay equity bill.

"Any discussion of the cost of eliminating the pay gap must also take into account the cost of the current pay gap, not just to women, but to taxpayers and to our economy," said Mary Lou Stirling, Chairperson of the New Brunswick Advisory Council on the Status of Women. "The pay gap results in lower revenue from income tax, more poverty and poorer health that accompanies poverty, greater reliance on social programs and reduced overall economic prosperity."

The Advisory Council commissioned GPI Atlantic to conduct a study to estimate the potential effect of a program aimed at removing that gap on government tax revenue, health care costs, and government transfers paid to individuals and families, including child benefits, social assistance and GST credit.

The Law Amendments Committee will be receiving a briefing next week by the study's author, economics professor Dr. Ather Akbari of St. Mary's University. Mary Lou Stirling presented the highlights to the Standing Committee today. The study projects an increase of about 11% in federal and provincial personal income tax collection for New Brunswick from removal of wage discrimination against women. The study states that the government of New Brunswick could expect to gain about \$105 million in additional personal income tax revenues. Savings of about \$19 million could also be expected in government transfer payments made to individuals.

"As the final report of the Wage Gap Roundtable noted last year, closing the pay gap is an economic imperative for the province. In New Brunswick, we are beyond arguing about whether it is a problem and whether action should be taken. Indeed, other jurisdictions might envy the level of discussion and activity on the issue of the pay gap and pay equity in New Brunswick," said Mary Lou Stirling.

The Advisory Council called for government intervention to address the problem of the difference in the average pay of women and men in the province, including measures to address the low value placed on women's traditional work, such as the pay equity legislation, as well as getting more women into non traditional jobs, and helping families balance work and family life.

"The bill under consideration by the Standing Committee sets out a reasonable framework for addressing that part of the pay gap caused by pay inequity. The Advisory Council also continues to support the recommendations of the last year's Minister's Wage Gap Roundtable. Those recommendations are what representatives of all sectors of New Brunswick could agree on, including the Advisory Council and are the minimum needed to potentially close the gap, if implemented with sufficient resources and an accountability framework that is focussed on results."

The Roundtable recommended several measures to address the multiple factors that cause the pay gap, including voluntary pay equity measures by employers during an initial 5-year implementation period, to be replaced by legislation if these proved ineffective.

The GPI study also looked at savings from health care spending. Studies have shown that poverty contributes to lower health status within a population. The GPI study suggests that overall savings in health care costs resulting from an anti-discrimination program in N.B. could reach \$60 million per year. These costs include other health care institutions, other health professionals, drugs, capital, public health and administrative and other public health care costs calculated as a residual from the overall savings.

FOR FURTHER INFORMATION, contact Chairperson Mary Lou Stirling at 506 444-4101 or 1-800 332-3087.