



# Federal Pay Equity Act

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# Statistics on Gendered Poverty

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Women in Canada are more likely to live in low-income households, than men. If women are single mothers, the statistics are worse. 30% of single mothers are raising their children in poverty (Stats Can). So gendered poverty not only affects women, but children as well.

Even more so if they are indigenous women, racialized women, women with disabilities and trans people. 34% of Indigenous women and girls are living in poverty. 23% of women with disabilities live in poverty (Stats Can).

Note: the general poverty rate in Canada was 11% in 2018.

# The Gender Pay Gap

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Means how much less women earn than men, in % terms.

Exists in every country in the world. (Canada is ranked 7<sup>th</sup> highest out of 44 countries in OECD study).

76.8 cents on average is earned by working women in Canada for every dollar men make in 2019 (Stats Can).

Takes a woman on average 15.5 months to make what a man makes in 12 months (Ontario Equal Pay Coalition).

Bigger gap for low-income women, Indigenous women, racialized women, women living with disabilities, and newcomers to Canada (Stats Can).

# Why does the Gender Pay Gap exist?

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1. An over representation of women in part time work.
2. Women are employed in lower paid industries.
3. Women are employed in lower-wage occupations
4. Traditional women's work pays less than traditional men's work.

Pay equity addresses reason 2, 3, and 4.

# What is Pay Equity?

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Pay Equity means Equal Pay for Work of Equal Value.

- Meaning that if two different jobs contribute equal value to their Employer's operations then those employees in those positions should receive equal pay.

Pay Equity is a human right entrenched in the CHRA since 1976.

Pay Equity closes the wage gap between female-dominated jobs and male-predominate jobs of equal value.

Pay Equity looks at the value of jobs *within* an organization (unless there are no male comparators “the proxy method”)

- This is done by increasing the salaries of female predominate jobs to “close the gap”, *not by reducing the salaries of male-predominate jobs.*

# Pay Equity Legislation (1976)

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Pay equity is a human right. But achieving pay equity has been difficult.

Pay equity rights were established in the Canadian Human Rights Act, which was complaint based.

Complaint based legislation takes too much time, is too costly, and is adversarial.

PSAC fought for many, many years and spent significant amount of money to win huge pay equity settlements for many of our federally regulated members in female predominate jobs.

2001, the government appointed an independent task force to look at improving the legislation.

2004, Pay Equity Taskforce called for proactive federal legislation. Proactive means that Employers must prove that they are compliant with the legislation. Unions advocated for proactive legislation to be enacted for years.

# The Stephen Harper era... (2006)

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Harper strongly believed that it was in Canadian taxpayers' best interest to continue undervaluing traditionally female work.

Overhauled the old system, and enacted the Public Sector Equitable Compensation Act (PSECA) in 2009 (along with Wage Restraint legislation),

PSECA demoted pay equity to a bargaining issue, removed an employee's right to file a human rights complaint, and increasing the threshold to define a women-predominate job to 70%.

Is a human right really a human right if it can be bargained away?

Note: PSAC and other unions mounted a charter challenge on the grounds of violation of freedom of association and violation of equality rights.

# Pay Equity Act (2018)

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14 years after the Pay Equity Taskforce Report (2004), the federal government finally passed proactive pay equity legislation, and the regulations came into force August 31, 2021.

The Act created a Pay Equity Commissioner with powers to administer and enforce the Act.

Federal private and public sector employers with more than 10 employees (some exceptions) must produce a pay equity plan to ensure that their organizations are equally paying work of equal value. That's 1.2 million people.

Each employer under federal jurisdiction (with some exceptions) needs to develop a Pay Equity Plan by September 3, 2024.

Pay Equity Maintenance must take place every 5 years



# Pay Equity Committees

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- Must have 50% women,
- The Employer, non-union employees, and unionized employees,
- 2/3 of the membership must represent employees,
- Decision making: one vote for Employee group, one vote for Employer group. If employees don't agree, the Employer gets to make the decision.

# Committee responsibility

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## 1. Develop a pay equity plan within three years:

- Identify job classes: similar duties and responsibilities, same compensation plan, same salary rates
- Identify gender predominance, 60% current or historic, or stereotyped.
- Determine the value of the work with a gender-neutral job evaluation tool
- Calculate total compensation of classes
- Determine if there is a gap
- Draft the pay equity plan
- Post the pay equity plan

## 2. Communication with employees

# Timelines

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**November 1, 2021:** Employers must post a notice in their workplace setting out it's obligations and setting up the committee.

**September 3, 2024:** Pay Equity Plan completed

**September 4, 2024:** Pay equity adjustments are due.

**June 30, 2025:** Employers provide annual statement to Pay Equity Commissioner

# Union compliance with the Act

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Unions cannot take reprisal against a person who enforces their rights under the Act.

The Pay Equity Commissioner can issue an order against an Employer and/or a Union for failing to comply with the Act.

Monetary penalties can be imposed on an Employer and/or a Union, up to \$50,000 depending on size of Employer, for non-compliance.

# Single vs Multiple Plans

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Act presumes that there will be a single plan, this is called the General Rule.

The Employer or Union can apply to the Pay Equity Commission to approve multiple plans.

The applying party has to show that multiple plans would better serve the purpose of the Act, which is to redress systemic gender-based discrimination in compensation and that female job classes would not be negatively affected by using multiple plans.

# Pay Equity Payouts

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Pay equity increases are effective the day after the Pay Equity Plan is posted (September 4, 2024), and employees would receive the increase in their next pay cheque.

Employers are more likely to ask to phase in wage increases. Can ask to do this if the increases add up to more than 1% of total annual payroll from the previous year (2023).

Employers may be granted an extension to post their Pay Equity Plan but they will owe a retro payment to each employee who's salary is going up, back to September 4, 2024 and is owed to former employees too.

# Pay Equity and Collective Bargaining

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Pay Equity Plans trumps collective agreements, just like any human rights or legislated issue (ex.: minimum wage).

Pay Equity is completely separate from collective bargaining.

Any pay equity pay increases will form part of the collective agreement going forward.

Pay Equity Maintenance, every 5 years, will correct any pay inequity that gets bargained into agreements.