

Addressing the Gender Wage Gap: Proactive Pay Equity Legislation

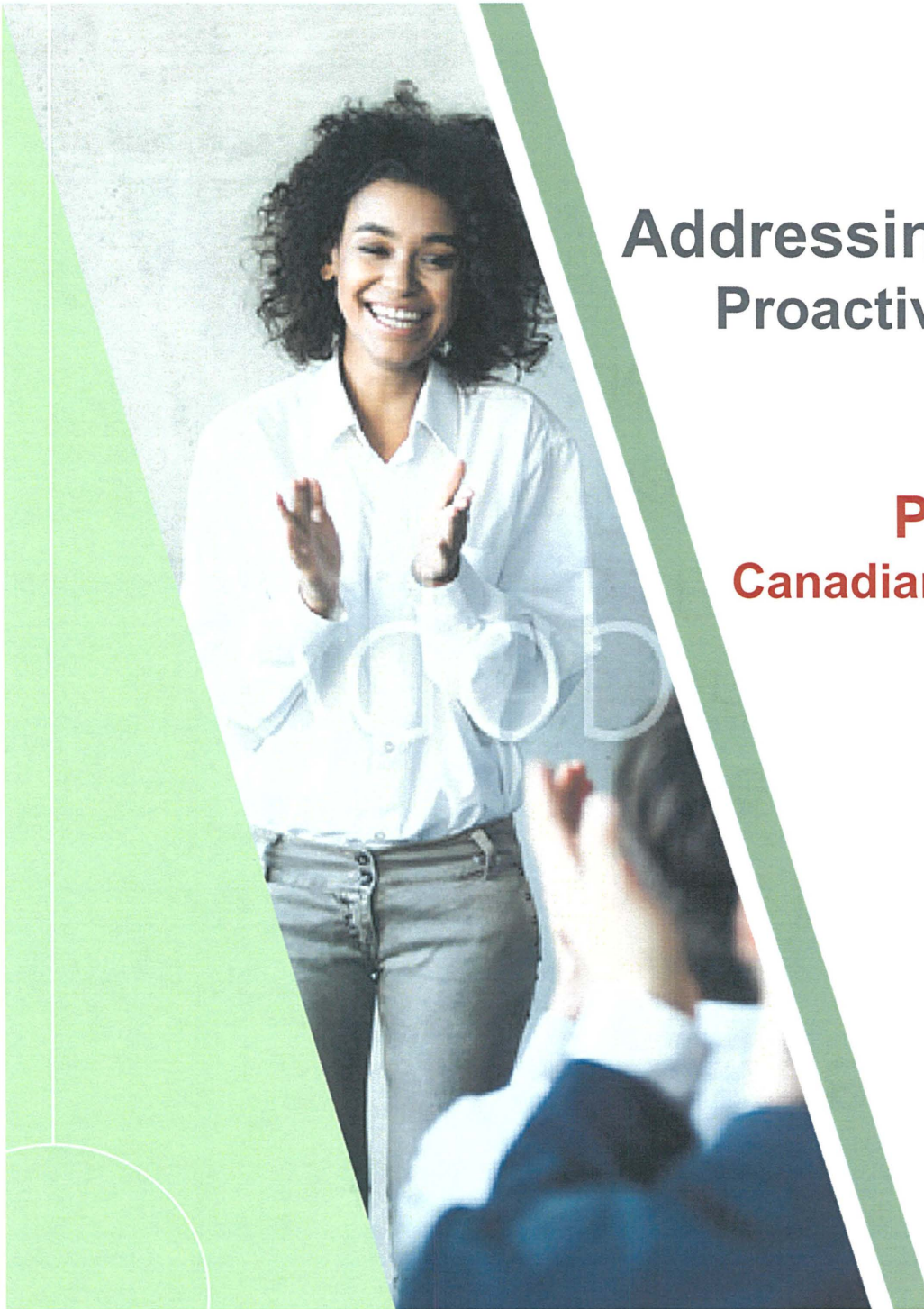
Pay Equity Division
Canadian Human Rights Commission

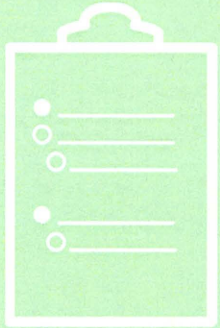
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What this is about...

- What is Pay Equity?
- The Gender Wage Gap
- Current complaint-based system
- Pay Equity: Canadian Landscape
- Proactive Pay Equity
- Questions?



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What is Pay Equity?

Pay equity is equal pay for work of equal value

- It compares jobs commonly done by women and jobs commonly done by men even if the work is different.
- It addresses the undervaluation of women's work, which is a significant factor in the gender wage gap.



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What is Pay Equity?

Valuing the work that women do

- Occupations that are commonly held by women tend to be paid less than male-dominated occupations - even when the work requires the same skill level.
- Pay equity is a key measure to reducing the gender wage gap.



"[In 2015], the average hourly wage for women in administrative occupations was \$25.11, compared to \$29.76 for men in construction related trades. Given female-dominated occupations largely resemble work women have traditionally performed in the household, the fact that women in these occupations tend to have lower wages than men in male-dominated occupations at the same skill level speaks to the devaluation of women's work in both the private and public spheres."

Moyser, Women and Paid Work (2017)



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The Gender Wage Gap

A persistent problem...

- In 2019, a woman in Canada earned **0.88 cents*** for every **dollar** a man earned.

That's equivalent to a **\$3.87** average hourly wage rate gap (or 12%).

*Statistics Canada. Average hourly gender wage ratio for both full- and part-time employees, aged 25 to 54 years (2019). Table 14-10-0340-02 Average and median gender wage ratio, annual and Table 14-10-0340-01 – employee wages by occupation, annual



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The Gender Wage Gap

...driven by multiple factors



Such as:

- gender differences in industry and occupation
- women's overrepresentation in part-time work
- women more likely to experience work interruptions, particularly related to childbearing and rearing



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Pay Equity

Comparing different jobs

Maria
Account Technician



Duties: Keep financial records, maintain and balance accounts, prepare payroll, complete and submit forms, prepare reports

Training* : Usually requires college education, specialized training or apprenticeship training

Amir
Mechanic



Duties: Adjust, repair or replace parts and components of commercial transport truck and truck-trailer systems

Training* : Usually requires college education, specialized training or apprenticeship training

* Although the level of training required across Canada may differ, both occupations generally require the same number of hours of training.



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Pay Equity

Comparing different jobs

Both **Maria** and **Amir** work at a trucking company.
Maria is an **account clerk** and Amir is a **driver**.

Do they perform **work of equal value**?

Pay equity compares different jobs
based on **four factors**:

- Skill
- Effort
- Responsibility
- Working conditions



A Complaint-based system

Leading to significant challenges



- **Pay equity** has been protected under section 11 of the *Canadian Human Rights Act* (CHRA) since **1977**.
- This **complaint-based** system has led to significant challenges:
 - Onus placed on employees to bring complaints forward
 - Unequal access (i.e. more accessible to unionized employees)
 - Lengthy, costly and contentious disputes
 - Unequal impact



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Proactive Pay Equity

A pathway to a new regime

This is why the federal government decided to bring in a legislated proactive pay equity regime informed by:

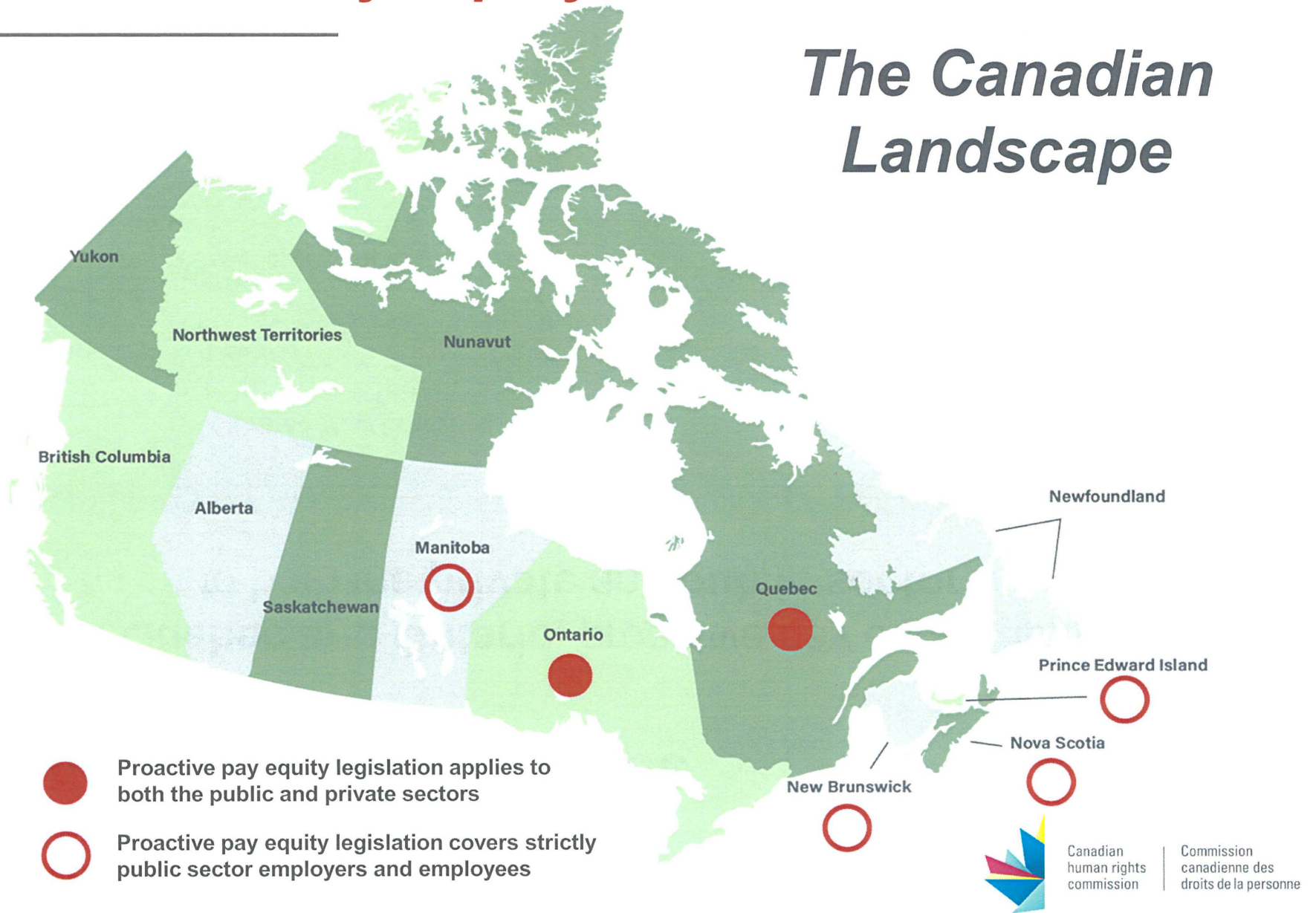
- The 2016 report of the Special Committee on Pay Equity
- 2017 stakeholder consultations
- Ontario and Quebec's models



Proactive pay equity legislation puts the onus on employers to assess, at set points in time, whether employees in predominantly female jobs are earning equal pay for work of equal value in their workplace.

Proactive Pay Equity

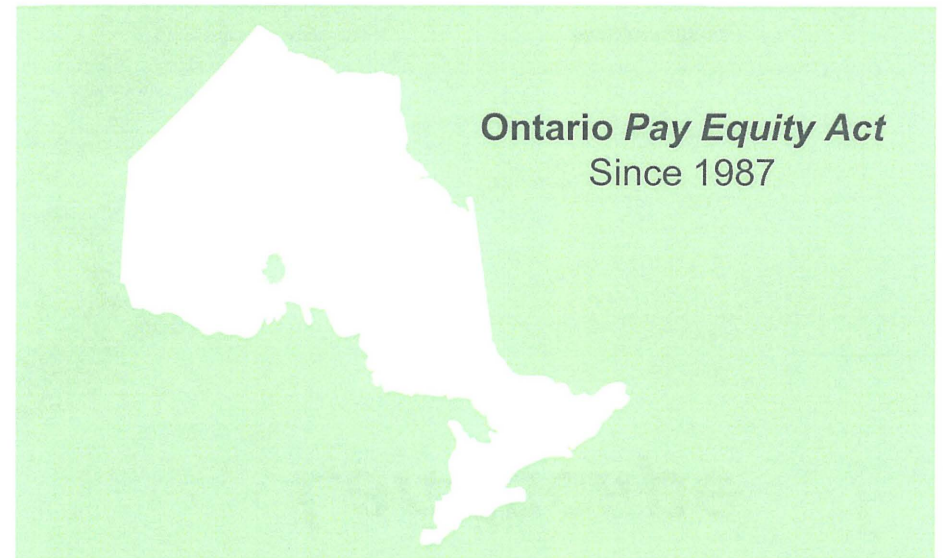
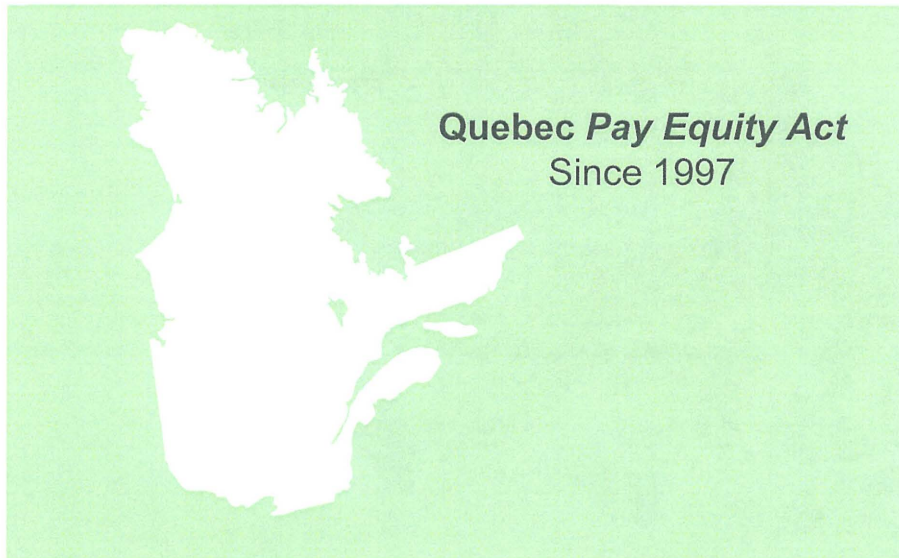
The Canadian Landscape



Proactive Pay Equity

The Canadian Landscape

In **Quebec and Ontario**, proactive pay equity applies to both the **private and public sectors**.



Federal Proactive Pay Equity

The NEW Pay Equity Act...

- The Act was passed by Parliament and received Royal Assent on **December 13, 2018**
- The Act is not yet in effect
- Once in force, the Act will apply to **federal** jurisdiction employers with an average of **10 employees or more**
 - Those with an average of **fewer** than 10 employees will remain subject to CHRA regime



Federal Proactive Pay Equity

...in a nutshell

- **Employers** covered will be required to create and post a **pay equity plan** within **three years**.
- **Pay equity plans** will:
 - Identify **job classes** in the workplace (i.e. positions that share certain similarities)
 - Determine which ones are **commonly done by women** and which ones are **commonly done by men**
 - **Value** the work done in each of these job classes
 - Determine whether there are **differences** in **compensation** between jobs of **equal value**



Federal Proactive Pay Equity

...in a nutshell

- If there are differences, employers will be required to **increase compensation** in those jobs commonly done by women
- Employers will be required to update their pay equity plan at least **every five years** and submit an **annual statement**.



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Federal Proactive Pay Equity

Who will be covered?

About **4,500 federally regulated employers** with an average of 10 or more employees or about **1.2 million employees**.

The federal private sector:

- Banking, communications and transportation sectors (including air, maritime, rail and interprovincial / international road)
- Federal Crown corporations (Canada Post, Via Rail)

The federal public sector

- Government departments and agencies
- Prime Minister and Ministers' office

Parliamentary institutions:

- Ex: the House of Commons, Senate, Library of Parliament and Members of Parliament.



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Federal Proactive Pay Equity

Pay Equity Commissioner and Division

- The new proactive pay equity regime establishes a Pay Equity Commissioner within the Canadian Human Rights Commission.
- **Karen Jensen**, the first **Federal Pay Equity Commissioner**, began her term on October 16, 2019.



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Federal Proactive Pay Equity

The Pay Equity Commissioner's mandate is to promote women's equality by ensuring that federal public and private sector organizations value work done by women in the same way they value work done by men.

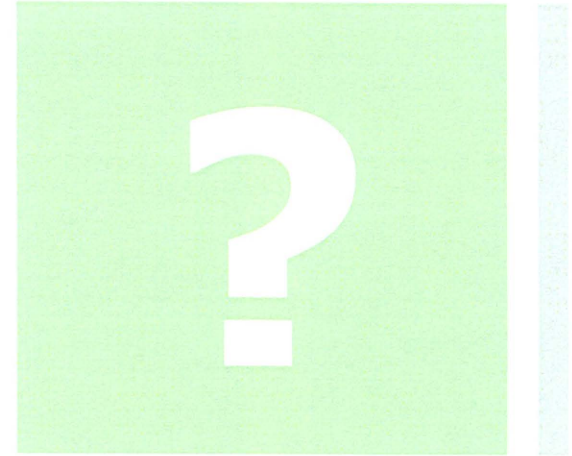
The Commissioner, supported by the Pay Equity Division, administers and enforces the **Pay Equity Act** by:

- Providing tools and guidance to employers, employees and their representatives
- Resolving disputes
- Ensuring compliance



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Questions?

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