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New Pay Equity Obligations on the Horizon for Federally Regulated Employers

Equal pay for work of equal value is the concept at the heart of the new proposed *Pay Equity Act* (PEA). The implementation process for employers, however, will need careful thought and attention.

The PEA was introduced as part of the federal government omnibus Bill C-86. If passed in its current form, the PEA will apply to federally regulated employers with ten or more employees. Employers that will be affected include federally regulated employers in the private sector, such as banks, marine shipping, transportation that crosses borders, telecommunications and certain other industries, the federal public service and parliamentary workplaces.

The PEA's stated purpose is to achieve pay equity through proactively redressing systemic gender-based discrimination in the compensation practices of employers for employees who occupy positions in predominantly female job classes.

There are a number of new pay equity obligations for federally regulated employers that are set out in the PEA, including but not limited to pay equity plans (including postings), and an annual filing and compliance with audits and enforcement. The PEA's regulations will set out more details.

1. **Pay Equity Plans:** Under the proposed legislation, each employer must develop a pay equity plan, in accordance with the PEA, within three years from when PEA comes into force (or from becoming subject to the PEA, as applicable). The legislation sets out what must be done in the course of establishing the pay equity plan (e.g., joint committees), period for comments requirements, posting requirements, the actual substantive contents required of the pay equity plan, phase-in compensation increases rules, and required review periods for the pay equity plan.
2. **Filings:** Employers will be required to make an annual filing with regard to pay equity.
3. **Enforcement and Audits:** There will be a new Pay Equity Commissioner position within the Canadian Human Rights Commission. The Commissioner will be responsible for, among other things, the administration and enforcement of the PEA through compliance and enforcement tools. The Commission and/or its designates will have the authority to conduct audits.

The PEA makes a differentiation between small employers, being those with 10 to 99 employees, and large employers, being those with 100 or more employees. Depending on whether an employer is a small or large employer, or an employer with unionized employees, different obligations could apply.

Bill C-86 is briskly moving through the legislature and it is expected that it will come into law. Federally regulated employers may wish to be proactive now, by reviewing their current compensation practices and creating a plan of implementation for compliance with the eventuality of the PEA.

If you have any questions about the proposed pay equity legislation or have any other labour and employment questions, please feel free to contact [James Fu](#), [Frédéric Massé](#), [Maude Longtin](#) or any other member of our [Labour and Employment Group](#).

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