Federal Pay Equity Act: Are you ready for the Sept. 3, 2024, deadline?

July 05, 2024

On Aug. 31, 2021, following the coming into force of the federal *Pay Equity Act*, on which we provided insight in 2021, federally regulated employers with 10 or more employees had 3 years to develop their pay equity plans. This time frame is now coming to an end.

Your pay equity plan: Upcoming deadlines

Most employers now have **only a few weeks left**, until **Sept. 3, 2024,** to **develop and establish a pay equity plan** to identify and correct gender-based wage gaps for employees in predominantly female job classes.

Employers must give the employees covered by their draft plan **60 days to provide comments**; the employer must then consider these comments when preparing the final version of the plan. Thus, employers to whom the Sept. 3 deadline applies should already have posted their plan for comment.

To develop a pay equity plan, federally regulated employers must carry out the exercise required by the *Pay Equity Act* and its regulations, which we summarized in August 2021.

The *Pay Equity Act* also prescribes the required content of the plan.

Procedure following the posting of the plan

Following the posting of the final version of their pay equity plan, employers will be required to implement any necessary compensation increases. These increases must be paid in full the day following the third anniversary of becoming subject to the Act (that is, Sept. 4, 2024, for most employers) at the latest, unless an employer is permitted to phase in the increases.

Indeed, employers will have the option of phasing the increases only if these exceed 1 per cent of their annual payroll. Payment periods may vary according to the size of the organization: for employers counting between 10 and 99 employees, the payment of

these increases may be spread over a maximum period of 5 years, while for those with 100 or more employees, this period may extend over a maximum of 3 years.

After Sept. 3, 2024, employers will be required to submit an annual declaration regarding the development and posting of their pay equity plan. In addition, the *Pay Equity Act* also requires all federally regulated employers to review and update the version of their pay equity plans at least every 5 years to identify and close potential wage gaps.

New draft regulations: What you need to know

In addition, in Nov. 2023, the federal government announced its intention to amend the *Pay Equity Regulations* *(Administrative Monetary Penalties and Technical Amendments)*. The purpose of this amendment is to introduce a system of administrative monetary penalties (AMPs) to sanction violations to the *Pay Equity Act*. The Pay Equity Commissioner will be authorized to impose penalties resulting from non-compliance with the pay equity regime, which will take into account the size of the workplace as well as its compliance history.

Moreover, the proposed regulations will establish the process to update pay equity plans when employers have no predominantly male job classes. This amendment will also ensure alignment between the regulations and the federal minimum wage requirements under the *Canada Labour Code*.

Contact us

BLG will be delighted to assist you in the development and completion of your pay equity plan, and with related compliance issues. Please do not hesitate to contact your BLG Labour & Employment lawyer or any of the key contacts listed below.

By

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Expertise

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