



Update on Pay Equity Legislation

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Presenters



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Professional Experience

With over 15 years of Human Resources consulting experience, Wendy specializes in legal compliance, with a specific subject matter expertise in Canadian pay equity (Ontario, Quebec, Federal) and employment equity. Other relevant experience and engagements include job evaluation design and implementation, compensation structure development and salary benchmarking.

As a specialist in pay equity compliance, Wendy has worked with employers in both the private and public sectors, including startups, SMEs and large multinational corporations. Her work has involved helping both unionized and non-unionized workforces in achieving and maintaining pay equity. Experience providing training on pay equity compliance, guiding clients through complex multi-year pay equity audits, and developing pay equity compliant programs across provinces.



Lisa Cabel

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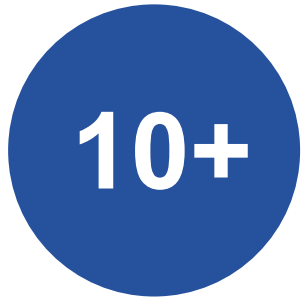


Professional Experience

Lisa Cabel is the National Leader of the Employment and Labour Law team at KPMG. With over 20 years of experience, she provides powerful knowledge in human rights law, with a focus on management side labour and employment. She works with a diverse array of clients across all industries, from start-ups and family businesses to large-cap public and private sector employees and companies. She also specializes in and provides legal advice to clients around collective agreement interpretation and negotiation, collective bargaining, employee discipline and terminations, wrongful dismissal claims, health and safety, harassment, and workplace policies and investigations.

She has published her book Ontario Litigator's Guide to Human Rights Practice, which is in its second edition, as well as many other publications. As a result, her clients are kept up to date on legislative developments, including the Federal Pay Equity Act and case law developments relating to mental health and the workplace.

What is Pay Equity?



Paying women and men equally for doing work of **equal value**.

Pay Equity laws exist across Canada, and apply to both public and private companies with more than 10 employees in Ontario, Quebec and federally.

The **purpose** of pay equity is to correct the systemic gender based discrimination in compensation traditionally experienced by employees who work in female dominated jobs.



Pay Equity

What is it Not?

1. Internal Equity
2. External Equity
3. Equal Pay for Equal Work
4. How employees are paid
5. Hiring more women
6. Increasing the pay of male-dominated jobs

How pay equity might be misunderstood:

“We have a formal salary structure, we don’t need to worry about pay equity”

“Half of our workforce is female, we don’t have a pay equity issue”

“We have a formal salary structure, we don’t need to worry about pay equity”

“We already looked at pay equity back in 1990 and not much has changed so we’re good”

“We’re such a small company, I’m sure we don’t have a problem”

Legislation in Canada

PROVINCE	YEAR	APPLIES TO
Manitoba	1986	Public sector employers only
Ontario	1987	Public and Private sector employers
Prince Edward Island	1988	Public sector employers only
New Brunswick	1989	Public sector employers only
Nova Scotia	1989	Public sector employers only
Quebec	1996	Public and Private sector employers
Federally Regulated Employers	2021	Public and Private sector employers



NEW Federal Pay Equity Act applies to federally regulated employers



Public sector entities, for example

- Canada Revenue Agency
- Parks Canada
- Core Public Administration (treasury)
- Parliament, Senate, House of Commons, Library of Parliament



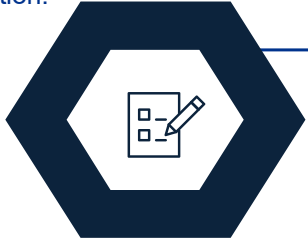
Private sector entities, for example

- Airports, airlines
- Transportation that crosses borders
- Banks, including foreign
- Radio & television broadcasting
- Telecommunications

The Road to Compliance

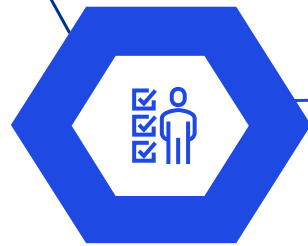
Classification

Jobs are grouped and classified according to responsibilities, qualifications and access to compensation.



Gender Predominance

Job classes are assigned a gender: male, female or neutral.



Job Evaluation

Job classes are evaluated using a gender-neutral comparison system that takes into consideration skills, efforts, responsibilities and working conditions.



Job Rate Calculation

Job rate is calculated for each job class by assessing access to base and variable compensation.



Analysis and Increases

Female and male jobs of similar value are compared to one another. Female job classes requiring an increase are adjusted accordingly.



Maintenance

Employers are responsible for ensuring that their compensation practices continue to be pay equity compliant and free from systemic gender discrimination.



Employer Responsibilities

1. Determine Size

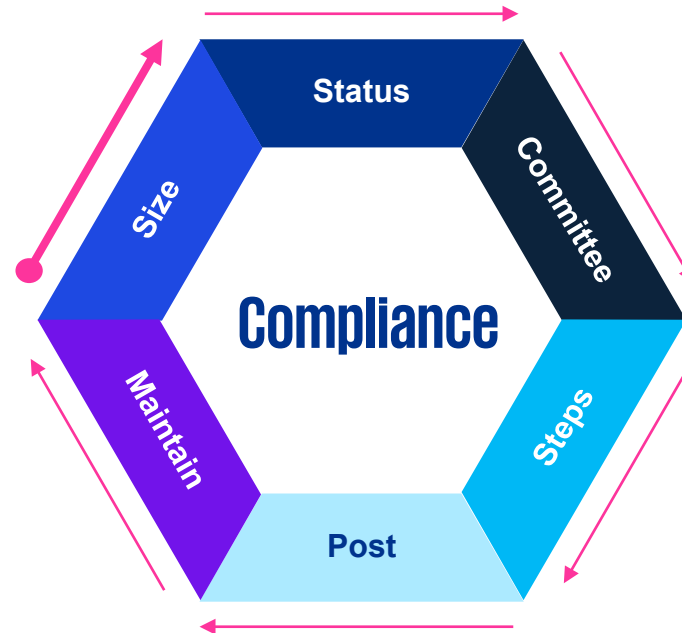
Timeline set for public and private employers. In Ontario, employers are classified as Type 1 or Type 2, with differing responsibilities.

2. Determine Employee Status

Employee status determines who in the organization is included in the pay equity exercise. Ex. Full-Time, Part-Time, Contractor.

3. Establish Pay Equity Committee

If required, a pay equity committee is established to act as representatives of the employees, employers and unions, and may work with consultants through the various stages of the pay equity process.



4. Complete Steps and Final Analysis

Pay equity process is comprised of 5 key steps or phases, with an analysis of male and female job classes happening near the end of the project.

5. Publish Pay Equity Plan and Increase Wages

Pay equity plans are posted and accessible for employees to review. Drafts are typically posted for employee review and comment.

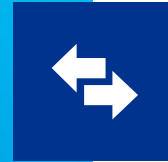
6. Maintain Pay Equity Documents and Practices

Pay equity must be monitored and maintained continuously to ensure that compensation practices remain free of systemic discrimination.

Maintaining Pay Equity

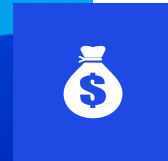
Leading Practices

Ongoing maintenance is a legal requirement. Quebec and federally-regulated employers are required to complete a new analysis every 5 years. Best practice in Ontario is to review your pay equity data every 2 years.



Changes to employment status

When employees move from temporary to permanent, part-time to full-time as well as when new jobs are created or abolished.



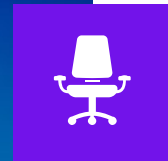
Changes to compensation and/or HR practices

Updates to salary structures, introduction of new benefits or change in eligibility, overhaul of HRIS, negotiation of a collective agreement, new or updated job architecture.



Changes to job duties and responsibilities

Careful consideration should be made for roles where duties and responsibilities have changed, especially traditionally female-dominated roles including front office and administration.

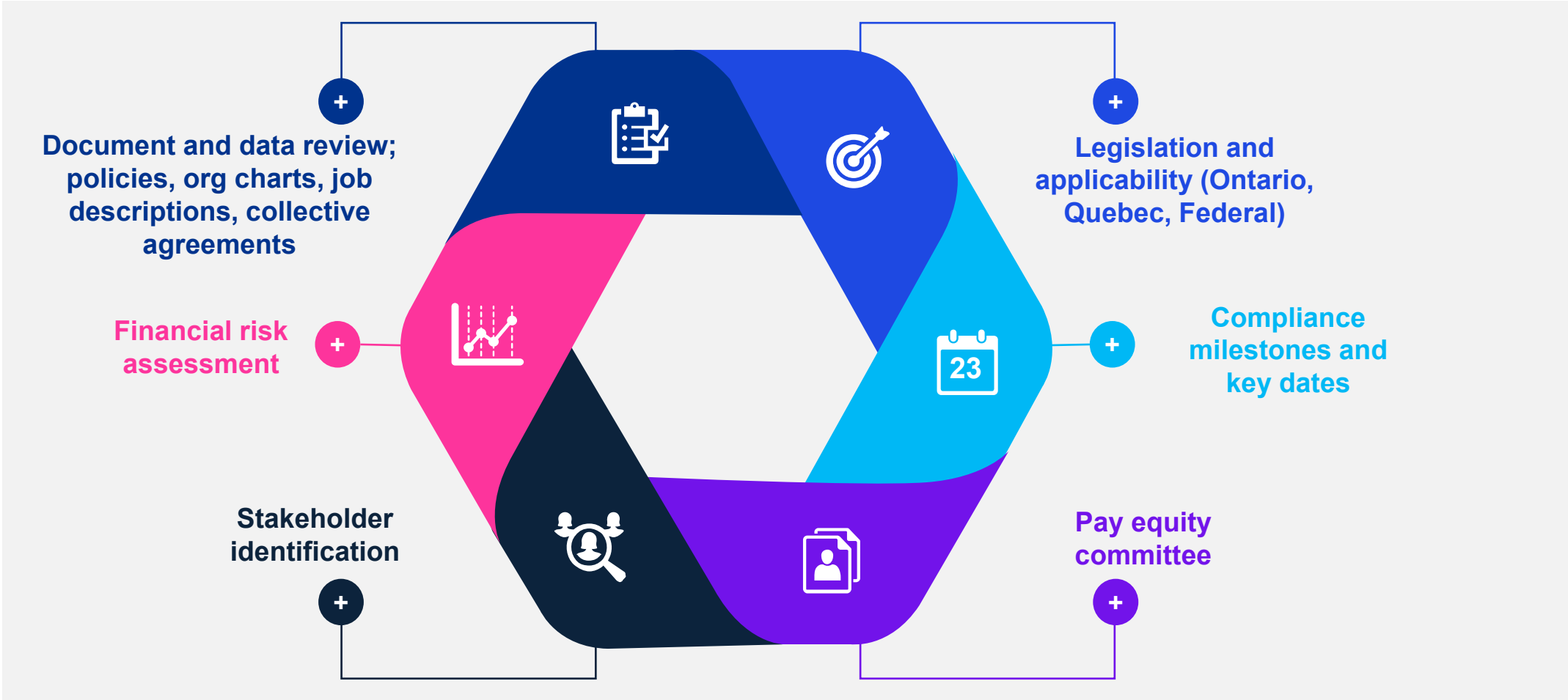


Remote work arrangements

May trigger changes in compensation or eligibility to certain benefits, and require careful consideration of pay equity implications.

Preparing for Pay Equity

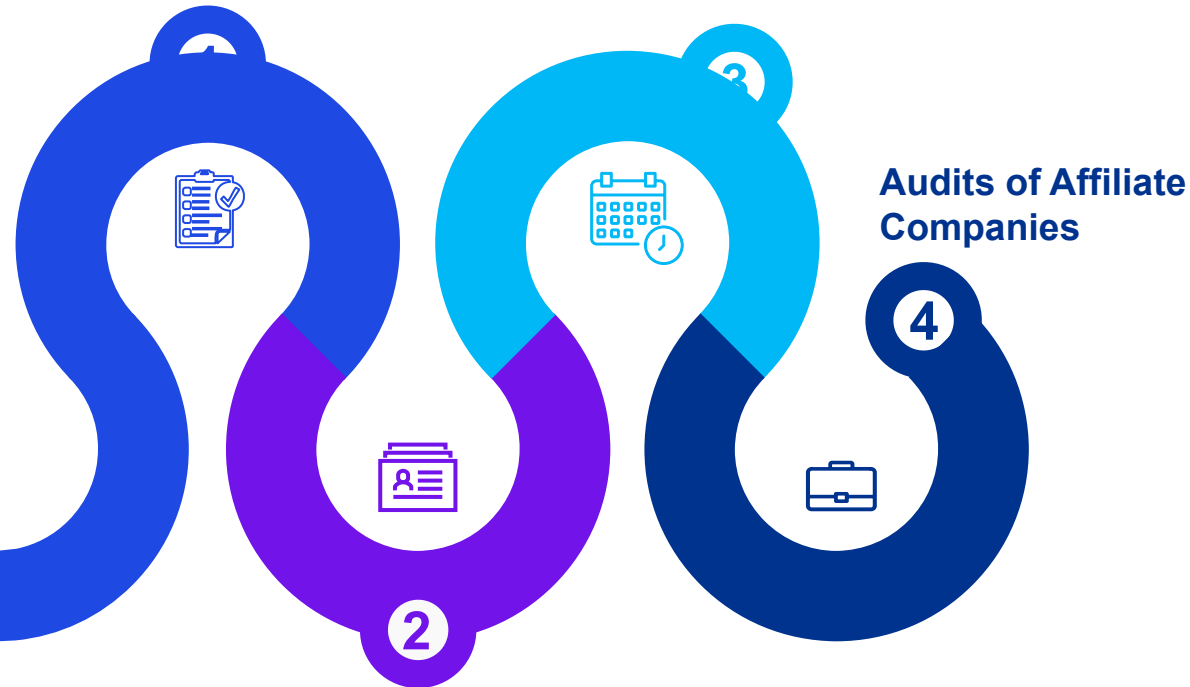
Environmental Scans



Pay Equity Audits

Proactive vs.
Complaint-Based

Timeline to Follow



Prepare to Share Confidential Information
(payroll, T4s, employee data)

How to Prepare:

- ✓ Keep meeting minutes, signatures of participants
- ✓ Document all decisions taken at every step
- ✓ Maintain communication with Review Officer on a regular basis
- ✓ Ask for extensions when needed, and provide a valid reason why

Emerging Trends



Environmental, Social, Governance (ESG)

Pay equity metrics, policies and practices are viewed as key elements of an ESG strategy.



Pay Transparency

Global increase in companies moving towards pay transparency as a means to tackle the wage gap, increase retention, improve recruitment, increase perceptions of fairness. B.C. recently introduced pay transparency legislation, including reporting on the gender wage gap.

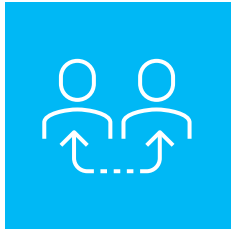


Looking Beyond Gender

As a means to address inequality at work and hold employers accountable, ethnicity wage gap reporting and other diversity statuses, may be introduced in the near future.

Ontario Pay Equity Commission

[Payequity.gov.on.ca](https://payequity.gov.on.ca)



The Pay Equity Commission is composed of two separate and distinct bodies: the Pay Equity Office and the Pay Equity Hearings Tribunal



The Pay Equity Office offers information to help employers and employees understand their rights and responsibilities under the Pay Equity Act

Guides and Tools:

- Pay equity toolkit for small businesses
- Guides to the Act including case references
- Templates of notices and pay equity plans for employers to post
- Annual reports



Q&A Period

KPMG

