



Pay Equity

Frequently Asked Questions

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What is Pay Equity?

Pay equity aims to ensure that employers provide employees with **equal pay for work of equal value**. Canadians have the right to experience workplace compensation practices that are free from gender-based discrimination.

What is employment equity vs. pay equity?

Employment equity, as defined by the Employment Equity Act, requires federally regulated employers to engage in proactive **employment practices to increase the representation of four designated groups**: women, people with disabilities, Aboriginal peoples, and visible minorities. The Act aims to remove barriers to employment for the abovementioned groups. Employment equity aims to ensure that all job applicants and employees have a fair chance in the workplace.

In contrast, the Pay Equity Act aim is to achieve pay equity for employees in jobs that are commonly held by women, by addressing gender-based discrimination in pay practices.

What is pay equality vs. pay equity?

Pay equality, also know as **equal pay for equal work**, refers to the requirement that women and men be paid the same if performing the **same job in the same organization**. Differences in pay are permitted for seniority or merit reasons. Pay equality is guaranteed under the Canadian Human Rights Act for federally regulated employees.

In contrast, pay equity looks at **different jobs**, determines their value within the organization and ensures that female-dominated jobs and male-dominated jobs of equal value are paid the same.

Why the changes to the Act?

The pay equity legislation under section 11 of the Canadian Human Right Act was a complaint-based system. It was administratively burdensome and resource intensive. As it was only complaint driven, it is difficult to ensure pay equity as women are often unaware that they are underpaid and/or fear reprisal if they submit a complaint.

In 2020, Canadian women earned 0.89 cents for every dollar earned by men. This is equivalent to 11% wage rate gap between men and women for doing work of same value.

Does CFMWS have to comply with the new Act?

Yes. As a federally regulated employer with 10 employees or more, CFMWS has to comply with the Act. Severe penalties can be incurred for violation of the Act.

A newly created Pay Equity Commissioner position is responsible for the administration, enforcement and education surrounding the Act.

What is the new Pay Equity Act?

The legislation directs federally regulated employers to take **proactive steps** to ensure that employees are provided with equal pay for work of equal value. It requires employers to create a single pay equity plan for all employees covered by the Act.

Who is covered under the Act?

The Act covers employees in all levels of the Organization including executives, unionized and non-unionized. All CFMWS employees are covered by the Act. The Act has some exceptions such as employees outside of Canada or those with student status.

When must employers comply with the Act?

The Act came into force on August 31, 2021 and employers have three years to develop their pay equity plan. The pay equity plan and the results of the exercise are required to be posted by 3 September 2024.

What are employers required to do in order to comply with the Act?

The Act requires that employers with 100 or more employees to form a pay equity committee made up of employer, unions and employee representatives.

What is the legislative composition of the pay equity committee?

The committee must have:

- Minimum of three members
- At least two-third must represent the employees to whom the plan relates
- At least 50% of the members must be women
- At least one member must be a person selected by the employer to represent it
- At least the same number of employees as there are bargaining agent
- At least one non-unionized employee

How will the committee be formed?

- The Union representative(s) will be chosen by the Bargaining Agents (PSAC and UFCW)
- The employer representative(s) will be chosen by the employer
- The non-unionized representative(s) will be chosen by the non-unionized employees

- The employer will assist in facilitating the selection process for its non-unionized employees, but will not be involved in selecting representation

What are the pay equity committee responsibilities?

The committee will be responsible for developing the pay equity plan to identify pay equity gaps that exist between predominantly male and female job classes of equal value, and determine any increases in compensation that may be required for employees in those female job classes.

Can a complaint be filed under the new Pay Equity Act?

The new Act is based on the concept that the employer *proactively* implements the process of ensuring “equal pay for equal value” for eligible employees. Proactively means the employer is required to ensure pay equity and perform the exercise even if no complaint or apparent issues exist.

Employees may file a complaint with the Pay Equity Commissioner within 60 days of becoming aware of one of the following alleged conducts:

- A belief that the employer tried to influence the selection of non-unionized employee representative for the pay equity committee.
- A belief that the employee has been retaliated against by the employer or by the union for exercising their rights under the Pay Equity Act.
- A belief that the employer or the union has acted in bad faith or in a discriminatory manner in the context of pay equity work

Bargaining agents may file complaints within 60 days of becoming aware of alleged conduct if they believe that the employer has attempted to influence or interfere with the selection of non-unionized employee representatives or acted in bad faith or in a discriminatory manner.

Employers may also file complaints against a bargaining agent within 60 days of becoming aware of alleged conduct if they believe that the bargaining agent was acting in bad faith or if the bargaining agent has shared confidential information related to the pay equity process.

All complaints handled by the Pay Equity Commissioner remain confidential. Furthermore, employee cannot be penalized for exercising their rights under the Pay Equity Act.

What are the key timelines under the new federal pay equity legislation?

- Act came into force: 31 August 2021
- Notice to employees regarding pay equity process: 1 November 2021
- Posting of final pay equity plan: 3 September 2024
- Increase in compensation (if needed) starting: 4 September 2024

- 1st annual statement filed with Commissioner: 30 June 2025
- Update pay equity plan: 2024-2029 to be posted by 4 September 2029

If the Organization has a pay equity issue, could my salary be reduced?

No. Under the law, it is illegal for employers to reduce salaries in order to achieve pay equity.

Could this exercise result in salary freezes?

The Organization will need to see the results of the exercise before decisions such as freezes on salaries or future salary increases can be made.

Will the pay equity exercise increase my salary?

It is impossible to know until the end of the pay equity exercise/analysis if salaries will need to be adjusted (upward). The analysis may result in some changes in compensation for some employees while other may remain without change.

Where can I go for more information?

For more information, contact your local Union representative or Human Resources Manager. You can also find additional information, resources and FAQs on the Pay Equity website at www.payequitychrc.ca.