

Federally Regulated Employers Take Note: Upcoming Obligations for Equal Pay for Work of Equal Value Under the *Pay Equity Act*

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Coming into force on August 31, 2021, the Government of Canada's *Pay Equity Act* (the "Act") is part of a framework for long-term changes to ensure that workers in federally regulated workplaces receive equal pay for work of equal value, especially given that recent Canadian data notes that for every \$1.00 a man earns in the workplace, a woman earns 89 cents.^[1] The Act will also bring federal legislation into better compatibility with provincial legislation, such as Ontario's own *Pay Equity Act*.^[2]

First introduced as part of Bill C-86, or the *Budget Implementation Act, 2018, No. 2*, the Act and its supporting regulations will apply to federally regulated workplaces, in both the public and private sectors.^[3] Examples of these workplaces include those in air transportation, banks, most federal Crown corporations, radio and television broadcasting, telecommunications, and road transportation services.^[4] Effective August 31, 2021, those federal employers who have 10 or more employees will have three years to develop and implement their pay equity plans.^[5]

In developing their plans, employers must:

- identify the different job classes made up of positions in their workplace;
- determine whether each job class is predominantly male, predominantly female or gender neutral;
- determine the value of work of each predominantly female or male job class;
- calculate the compensation of each predominantly female or male job class; and
- compare the compensation between predominantly female and male job classes doing work of equal or comparable value.^[6]

After the establishment of their plans, employers will have to begin to increase the compensation "of any predominately female job classes that are receiving less pay than their male counterparts."^[7] Moreover, the plans will need to be updated every five years so as to identify any other pay gaps which emerge and to ensure pay equity is being maintained.^[8]

WeirFoulds' employment law group is monitoring these developments and will be providing updates as the new legislation takes effect. For more information on how the changes in legislation can impact your business or organization, please contact [Daniel Wong](#).

^[1] Government of Canada, "Government of Canada announces that the *Pay Equity Act* will come into force on August 31, 2021" (7 July 2021), online: <https://www.canada.ca/en/employment-social-development/news/2021/07/government-of-canada-announces-that-the-pay-equity-act-will-come-into-force-on-august-31-2021.html>; for the text of the Act, see *Pay Equity Act*, SC 2018, c 27, s 416.

^[2] See *Pay Equity Act*, RSO 1990, c P7.

[3] *Ibid*; for the regulations of the Act, see [SOR/2021-161](#).

[4] Government of Canada, “List of federally regulated industries and workplaces” (5 March 2021), online: <https://www.canada.ca/en/services/jobs/workplace/federally-regulated-industries.html>.

[5] *Ibid*.

[6] Government of Canada, “Overview of the Pay Equity Act” (2 March 2021), online: <https://www.canada.ca/en/services/jobs/workplace/human-rights/overview-pay-equity-act.html>.

[7] *Ibid*.

[8] *Ibid*.

The information and comments herein are for the general information of the reader and are not intended as advice or opinion to be relied upon in relation to any particular circumstances. For particular application of the law to specific situations, the reader should seek professional advice.

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