



HOUSE OF COMMONS
CHAMBRE DES COMMUNES
CANADA

A STUDY ON THE IMPLEMENTATION OF THE *PAY EQUITY ACT*

**Report of the Standing Committee on the Status
of Women**

Marilyn Gladu, Chair

**MAY 2021
43rd PARLIAMENT, 2nd SESSION**

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Chair**

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NOTICE TO READER

Reports from committees presented to the House of Commons

Presenting a report to the House is the way a committee makes public its findings and recommendations on a particular topic. Substantive reports on a subject-matter study usually contain a synopsis of the testimony heard, the recommendations made by the committee, as well as the reasons for those recommendations.

STANDING COMMITTEE ON THE STATUS OF WOMEN

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THE STANDING COMMITTEE ON THE STATUS OF WOMEN

has the honour to present its

SEVENTH REPORT

Pursuant to its mandate under Standing Order 108(2), the committee has studied the implementation of the *Pay Equity Act* and has agreed to report the following:

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SUMMARY

Ensuring pay equity is a very important step towards achieving gender equality. The House of Commons Standing Committee on the Status of Women (the Committee) carried out a study between 8 December 2020 and 25 February 2021 on the implementation of the *Pay Equity Act* (the Act) and the status of pay equity in federally regulated workplaces.

According to witnesses who appeared before the Committee, in Canada, women earn on average 0.89\$ for every dollar earned by men. The most recent federal pay equity initiative is the *Pay Equity Act* of 2018. This Act is in the process of being implemented. With the coming into force of this Act, the current complaint-based approach to pay equity would be replaced with a proactive model that places the responsibility of addressing pay equity on the employer. This Act applies to federally regulated employers and will come into force later in 2021 once the accompanying regulations that were pre-published in November 2020 are finalized. Once the Act comes into force, employers will have three to five years to implement pay equity plans in their workplaces.

The Committee heard about the implementation of the Act from the Minister of Labour, as well as from the Canadian Human Rights Commission's Pay Equity Commissioner. The Parliamentary Budget Officer provided an analysis of the cost for employers to implement the Act's measures and the cost for the federal government to oversee and administer the new pay equity regime. Witnesses emphasized the importance of supporting employers in properly implementing the Act, as well as the added challenges brought by the COVID-19 pandemic in implementing the Act.

LIST OF RECOMMENDATIONS

As a result of their deliberations committees may make recommendations which they include in their reports for the consideration of the House of Commons or the Government. Recommendations related to this study are listed below.

Recommendation 1

That the Government of Canada formally recognize its participation in gendered wage discrimination and violation of the *Canadian Human Rights Act* and move forward with its commitment to address this inequality by implementing the *Pay Equity Act*..... 14

Recommendation 2

That the Government of Canada review and amend its regulations to shorten the three years given to design a plan to address pay equity in federally regulated workplaces; and shorten the timeline to implement the plan from the current three or five years depending on the companies' size. 14

Recommendation 3

That the Parliamentary Budget Officer be granted the right to obtain any information requested by their office for the purpose of fulfilling the legislative mandate in a timely manner without hinderance of redactions or outright refusal supplying the information..... 14



A STUDY ON THE IMPLEMENTATION OF THE *PAY EQUITY ACT*

INTRODUCTION

Recognizing the integral role that pay equity plays in achieving gender equality, the House of Commons Standing Committee on the Status of Women (the Committee) undertook a study on the implementation of the *Pay Equity Act* (the Act) and the current status of pay equity in federally regulated workplaces. The Committee heard from witnesses during three meetings, held between 8 December 2020 and 25 February 2021 about the implementation of the Act. Testimony was received from the Hon. Filomena Tassi, Minister of Labour, the Pay Equity Commissioner, Karen Jensen, and the Parliamentary Budget Officer (PBO), Yves Giroux, and representatives from this office as well as representatives from the Department of Employment and Social Development and the Canadian Human Rights Commission.

Witnesses spoke about the gender wage gap and the importance and benefits of pay equity in Canada. The Committee heard about some pay equity initiatives at the federal level, as well as an overview of the Act, which received Royal Assent in December 2018, and the progress made towards the implementation of the proactive pay equity regime under the Act. In this report, the Committee provides recommendations to the Government of Canada with the goal of improving the implementation of proactive pay equity through the Act.

CLOSING THE GENDER WAGE GAP IN CANADA

In Canada, the gender wage gap persists; the Committee heard that women in Canada earn, on average, 0.89\$ for every dollar men earn.¹ Negative stereotypes about the value of women's work are the basis of systemic differences in compensation between women and men. Diverse approaches to achieving pay equity have been discussed and introduced at the federal level, the most recent being a proactive pay equity regime introduced through the Act in 2018.

1 House of Commons, Standing Committee on the Status of Women (FEWO), *Evidence*, 2nd Session, 43rd Parliament, 4 February 2021, 1110 (Karen Jensen, Commissioner, Pay Equity, Canadian Human Rights Commission); FEWO, *Evidence*, 2nd Session, 43rd Parliament, 25 February 2021, 1140 (Hon. Filomena Tassi, P.C., M.P., Minister of Labour).



The Gender Wage Gap

While women in Canada earn less on every dollar compared to men, the gender wage gap is even larger for certain groups of women.² For example, the Pay Equity Commissioner told the Committee:

[R]acialized women working full time earn an average of only 67¢ on the dollar earned by non-racialized men. Indigenous women, on the other hand, earn approximately 65¢ on the dollar for every non-[I]ndigenous male dollar. For newcomer women, it's 71¢ on the male dollar. Disabled women—women living with physical or mental disabilities—are earning only approximately 54¢ on the dollar earned by every male who is non-disabled.³

Factors such as part-time employment, precarious work, occupational segregation and stereotypes and bias help explain these larger wage gaps.⁴

The gender wage gap is rooted in negative myths and stereotypes about the value of women's work that have resulted in discriminatory compensation systems over the years, often unintentionally.⁵ The Pay Equity Commissioner explained that the type of unpaid work women often do in their households (caring for children, for instance) has been taken for granted and has not historically been acknowledged as work that contributes to the economy. The belief that women's work is not as valuable has been slowly integrated into compensation systems.⁶ The Committee heard that the review of compensation systems is "essential" to eliminate the effects these negative myths and stereotypes have on women's compensation.⁷

The Benefits of Pay Equity

Ensuring pay equity or equal pay for work of equal value is an important step in closing the gender wage gap and achieving greater gender equality.⁸ The Committee was told

2 FEWO, [Evidence](#), 2nd Session, 43rd Parliament, 4 February 2021, 1110 (Karen Jensen); FEWO, [Evidence](#), 2nd Session, 43rd Parliament, 25 February 2021, 1140 (Hon. Filomena Tassi).

3 FEWO, [Evidence](#), 2nd Session, 43rd Parliament, 4 February 2021, 1110 (Karen Jensen).

4 *Ibid.*, 1120.

5 *Ibid.*, 1125 and 1235.

6 *Ibid.*, 1135.

7 *Ibid.*, 1125.

8 FEWO, [Evidence](#), 2nd Session, 43rd Parliament, 8 December 2020, 1215 (Yves Giroux, Parliamentary Budget Officer, Office of the Parliamentary Budget Officer).

that closing the gender pay gap is necessary to ensure Canada’s economic and social recovery from the COVID-19 pandemic.⁹

Witnesses informed the Committee of the many benefits pay equity can have for women and for businesses and the economy. First, pay equity can have positive effects on the income and economic security of women:¹⁰ in the short term, increased income can improve households’ “buying power”¹¹ and in the long term it can have positive effects on pensions and retirement savings.¹² Witnesses also stated that pay equity can increase women’s self-esteem.¹³

Second, pay equity can have positive effects on businesses. It can foster greater diversity within companies and in the workplace, as it can help attract talent.¹⁴ For instance, the PBO noted that if average pay is raised for occupations in which women represent the majority of workers, it could become easier for employers to attract and retain employees.¹⁵ In addition, the Pay Equity Commissioner stated that research indicates that “businesses that promote gender equality are in fact more productive, more resilient and better at competing in the marketplace.”¹⁶

Overview of Past Federal Pay Equity Initiatives

Issues related to pay equity have been discussed in Canada for decades and past initiatives have contributed to the progress made in achieving pay equity. In the early 2000s, several reports on pay equity were produced at the federal level, including the Canadian Human Rights Commission report entitled *Time for Action—Special Report to Parliament on Pay Equity*¹⁷ tabled in the Parliament of Canada in February 2001 and the final report of the Bilson Task Force entitled *Pay Equity: A New Approach to a*

9 FEWO, [Evidence](#), 2nd Session, 43rd Parliament, 4 February 2021, 1105 (Karen Jensen).

10 Ibid., 1105 and 1115; FEWO, [Evidence](#), 2nd Session, 43rd Parliament, 8 December 2020, 1215, 1220 and 1225 (Yves Giroux); FEWO, [Evidence](#), 2nd Session, 43rd Parliament, 25 February 2021, 1130 (Hon. Filomena Tassi).

11 FEWO, [Evidence](#), 2nd Session, 43rd Parliament, 4 February 2021, 1115 (Karen Jensen).

12 FEWO, [Evidence](#), 2nd Session, 43rd Parliament, 8 December 2020, 1225 (Yves Giroux).

13 FEWO, [Evidence](#), 2nd Session, 43rd Parliament, 4 February 2021, 1115 (Karen Jensen); FEWO, [Evidence](#), 2nd Session, 43rd Parliament, 25 February 2021, 1140 (Hon. Filomena Tassi).

14 FEWO, [Evidence](#), 2nd Session, 43rd Parliament, 4 February 2021, 1105 (Karen Jensen); FEWO, [Evidence](#), 2nd Session, 43rd Parliament, 25 February 2021, 1140 (Hon. Filomena Tassi).

15 FEWO, [Evidence](#), 2nd Session, 43rd Parliament, 8 December 2020, 1220 (Yves Giroux).

16 FEWO, [Evidence](#), 2nd Session, 43rd Parliament, 4 February 2021, 1115 (Karen Jensen).

17 Canadian Human Rights Commission, [Time for Action—Special Report to Parliament on Pay Equity](#), February 2001.



Fundamental Right submitted to the ministers of Justice and Labour in May 2004.¹⁸ These reports concluded that the existing complaint-based model for pay equity was a challenge for achieving pay equity and recommended that it be replaced by a proactive pay equity regime. To that point the PBO speculated that the complaint-based model was perhaps “too cumbersome for individual employees, mostly female, to complain and have recourse.”¹⁹

In June 2016, the House of Commons Special Committee on Pay Equity tabled its report entitled *It’s Time to Act*,²⁰ recommending that the Government of Canada draft proactive pay equity legislation, within 18 months of the report’s tabling, that would apply to the federal public service, Crown corporations and all federally regulated companies with 15 or more employees.²¹ A proactive model shifts the responsibility onto the employer to “undertake an analysis to determine whether or not there’s a pay gap,”²² compared to the existing complaint-based model which requires an employee or their union to bring forward a complaint regarding pay equity.

In addition to these federal initiatives, other jurisdictions in Canada have implemented initiatives or proactive pay equity regimes. For instance, both the provinces of Quebec and Ontario have implemented proactive pay equity legislation.²³

THE PAY EQUITY ACT

In October 2018, the Act was introduced in the House of Commons; it received Royal Assent in December of the same year.²⁴ Once brought into force, the Act will introduce a proactive pay equity regime applicable to federally regulated employers, replacing the complaint-based system in the *Canadian Human Rights Act*.²⁵ In September 2019, the first Pay Equity Commissioner of the Canadian Human Rights Commission, Karen Jensen,

18 FEWO, [Evidence](#), 2nd Session, 43rd Parliament, 25 February 2021, 1125 (Hon. Filomena Tassi).

19 FEWO, [Evidence](#), 2nd Session, 43rd Parliament, 8 December 2020, 1235 (Yves Giroux).

20 FEWO, [Evidence](#), 2nd Session, 43rd Parliament, 25 February 2021, 1125 (Hon. Filomena Tassi).

21 Government of Canada, [Fact Sheet: Evolution of pay equity](#).

22 FEWO, [Evidence](#), 2nd Session, 43rd Parliament, 4 February 2021, 1115 (Karen Jensen).

23 Ibid.

24 FEWO, [Evidence](#), 2nd Session, 43rd Parliament, 25 February 2021, 1130 (Hon. Filomena Tassi).

25 Government of Canada, [Fact Sheet: Evolution of pay equity](#).

was appointed pursuant to Part 5 of the Act; she was reappointed in the fall of 2020.²⁶ The Pay Equity Commissioner told the Committee that while the Act is not yet in force, “we are anticipating that [it] will come into force later on in 2021.”²⁷ The regulations accompanying the Act, which are necessary to support the Act’s coming into force, were pre-published in the *Canada Gazette*, Part I on 14 November 2020.²⁸ The Minister of Labour, added that a 30-day comment period typically follows the prepublication of regulations. However, given the effects of the COVID-19 pandemic, this period was extended to 60 days to ensure stakeholders had sufficient time to review the regulations and provide feedback. Over 30 submissions were received, which are being considered during the finalization of these regulations.²⁹

Overview of the *Pay Equity Act*

When the Act comes into force, it will apply to approximately 4,500 employers and will cover 1.32 million employees in federally regulated workplaces.³⁰ The Pay Equity Commissioner noted that under the Act, employers are allowed up to three years to develop and implement a pay equity plan, after which point any pay adjustments would begin.³¹ The Minister of Labour specified that “there is additional time for companies that have more than 1% to pay to employees, when time runs out that money is still owed.”³² She explained:

If the cost is significant for that company, it gives that company time to ensure that they can pay those funds, but those funds would be retroactive to the date of the three-year mark. This is about preserving those jobs. We don't want jobs to be lost in this. We want to ensure that women have more opportunities and more jobs.³³

If companies were to develop a pay equity plan and have this plan approved before the three-year period, payments would begin at that point.³⁴ Under subsection 61(2) of the

26 FEWO, *Evidence*, 2nd Session, 43rd Parliament, 25 February 2021, 1135 (Hon. Filomena Tassi); FEWO, *Evidence*, 2nd Session, 43rd Parliament, 8 December 2020, 1245 (Robert Behrend, Advisor-Analyst, Office of the Parliamentary Budget Officer).

27 FEWO, *Evidence*, 2nd Session, 43rd Parliament, 4 February 2021, 1110 (Karen Jensen).

28 *Ibid.*, 1130.

29 FEWO, *Evidence*, 2nd Session, 43rd Parliament, 25 February 2021, 1100 (Hon. Filomena Tassi).

30 *Ibid.*, 1115; FEWO, *Evidence*, 2nd Session, 43rd Parliament, 4 February 2021, 1110 (Karen Jensen).

31 FEWO, *Evidence*, 2nd Session, 43rd Parliament, 4 February 2021, 1130 (Karen Jensen).

32 FEWO, *Evidence*, 2nd Session, 43rd Parliament, 25 February 2021, 1135 (Hon. Filomena Tassi).

33 *Ibid.*, 1145.

34 *Ibid.*



Act, beginning in the third year after the coming into force of the Act, large employers (those that employ 100 or more employees) can “phase in” adjustments to pay over three years, whereas employers with 10 to 99 employees have five years to make any adjustments.³⁵ In general, if the Act comes into force in 2021, employees who are eligible for pay equity adjustments would begin to receive them in 2024.

Under the Act, employers or unions must establish a pay equity committee that will work collaboratively to establish, plan and implement pay equity in their workplace.³⁶ The Pay Equity Commissioner will support the work of these pay equity committees and can offer dispute resolution services when necessary to “support the parties in reaching consensus if they aren’t able to.”³⁷ The Pay Equity Commissioner noted that while her office can assist in resolving pay equity disputes, the process will proceed more quickly if pay equity committees can work collaboratively:

It will, of course, be incumbent upon employers and unions who are working in a pay equity committee to use a collaborative approach in the development of their pay equity plan to avoid having to come to the Pay Equity Commission, to my office, for assistance in resolving disputes.³⁸

If parties are not able to reach an agreement through alternative dispute resolution mechanisms, the Pay Equity Commissioner could “issue a decision.” This decision would have the force of law and then the “questions of law could go to the human rights tribunal, if there were concerns.”³⁹

The Act requires employers to “understand assessments and compare the value of work which includes factors such as skills, efforts, responsibility and work conditions,” as such, an appropriate time period must be allotted to this process to ensure it is implemented correctly.⁴⁰ The Minister of Labour confirmed that implementing pay equity is a highly complex process for employers:

35 FEWO, [Evidence](#), 2nd Session, 43rd Parliament, 4 February 2021, 1130 (Karen Jensen).

36 FEWO, [Evidence](#), 2nd Session, 43rd Parliament, 25 February 2021, 1120 (Hon. Filomena Tassi).

37 Ibid., 1125 (Barbara Moran, Acting Assistant Deputy Minister, Labour Program, Policy Dispute Resolution and International Affairs Directorate, Department of Employment and Social Development Canada) and 1125 (Lori Straznicky, Executive Director, Labour Program, Workplace and Labour Relations Policy Division, Department of Employment and Social Development).

38 FEWO, [Evidence](#), 2nd Session, 43rd Parliament, 4 February 2021, 1130 (Karen Jensen).

39 FEWO, [Evidence](#), 2nd Session, 43rd Parliament, 25 February 2021, 1125 (Lori Straznicky).

40 Ibid., 1100 (Hon. Filomena Tassi).

We're talking about taking jobs that by nature are completely different, and applying criteria to those jobs to determine what the pay should be [...] Then there are exemptions, such as seniority or specific programs. In addition to that, you have to determine which criteria, which formula, you will use. Two different formulas are presented, and you have to understand what those formulas are. If those formulas don't work, you have to opt for another formula.⁴¹

In addition, the significant negative impacts of the COVID-19 pandemic on the economic wellbeing of many federally regulated businesses across Canada may further complicate the implementation of pay equity measures. The Pay Equity Commissioner asserted that in the context of the COVID-19 pandemic, the three-year period allotted to develop a pay equity plan will allow businesses to “get their feet back under them, economically speaking” while developing their pay equity plans.⁴² The Minister of Labour noted that in the context of the COVID-19 pandemic, pay equity “is a priority and a foundation stone for building back better.”⁴³

The Work of the Pay Equity Commissioner

The mandate of the Canadian Human Rights Commission’s Pay Equity Commissioner is to “promote women’s equality by ensuring that federal public and private sector organizations value work done by women in the same way they value work done by men.”⁴⁴ The Pay Equity Commissioner told the Committee: “My goal as commissioner is to demystify pay equity and help employers to see that it is a golden opportunity to demonstrate their commitment to gender equality in the workplace.”⁴⁵

The Pay Equity Commissioner told the Committee that she has conducted “extensive consultations with unions, employers, women’s organizations and employer associations” to identify and address any concerns that these stakeholders may have regarding the implementation of the Act.⁴⁶ Furthermore, employee organizations were consulted to gain insight into how to effectively share the information about employees’ rights to pay equity, regardless of geographic location.⁴⁷ These consultations revealed businesses were concerned about the challenges associated with the technical

41 Ibid., 1155.

42 FEWO, *Evidence*, 2nd Session, 43rd Parliament, 4 February 2021, 1145 (Karen Jensen).

43 FEWO, *Evidence*, 2nd Session, 43rd Parliament, 25 February 2021, 1100 (Hon. Filomena Tassi).

44 Canadian Human Rights Commission, *Pay Equity*.

45 FEWO, *Evidence*, 2nd Session, 43rd Parliament, 4 February 2021, 1105 (Karen Jensen).

46 Ibid.

47 Ibid., 1140.



requirements for implementing pay equity. The Minister of Labour underscored the important role of the Pay Equity Commissioner in working collaboratively, through consultations, to ensure the successful implementation of the proactive pay equity regime.⁴⁸ The Pay Equity Commissioner indicated that the Pay Equity Division of the Canadian Human Rights Commission is committed to providing support to these businesses as they implement pay equity.⁴⁹

The Committee also heard about a new mandate—proactive compliance—for the Canadian Human Rights Commission: Jeff Willbond is the first director general for proactive compliance, responsible for compliance and enforcement under the Act and the *Accessible Canada Act*.⁵⁰

In response to these consultations, educational materials, guidance documents and tools are being developed with stakeholders to ensure that implementation of the Act will work well for employers and employees.⁵¹ For example, the Pay Equity Division of the Canadian Human Rights Commission is developing tools that will help small and medium-sized enterprises develop their pay equity plans; for example, an Excel-based tool is being developed to help employers determine if they have a pay gap to address and, if so, how much must be invested to fill the gap. As well, the Pay Equity Division is developing tools to help explain to employers and unions the various obligations and requirements under the Act, as well as the “techniques and methods” used in the Act.⁵² Finally, the Pay Equity Division has developed a communications plan that uses traditional media and social media, among other approaches, to share information related to pay equity rights with employees across Canada.⁵³ The Minister of Labour

“My goal as commissioner is to demystify pay equity and help employers to see that it is a golden opportunity to demonstrate their commitment to gender equality in the workplace.”

48 FEWO, *Evidence*, 2nd Session, 43rd Parliament, 25 February 2021, 1135 (Hon. Filomena Tassi).

49 FEWO, *Evidence*, 2nd Session, 43rd Parliament, 4 February 2021, 1140 (Karen Jensen).

50 Ibid., 1110 (Jeff Willbond, Director General, Proactive Compliance, Canadian Human Rights Commission).

51 Ibid., 1105 (Karen Jensen).

52 Ibid., 1125.

53 Ibid., 1140.

underscored the importance of the work of the Pay Equity Commissioner and the Pay Equity Division, in ensuring that employers are supported “every step of the way.”⁵⁴

The Office of the Parliamentary Budget Officer’s Costing Analysis

The PBO shared with the Committee the findings of a 2020 report prepared by his office entitled *Fiscal Analysis of Federal Pay Equity*. This report provides an “overview of the spending measures associated with the Government of Canada’s proactive pay equity regime within the federal public and private sectors.”⁵⁵ The Office of the PBO estimated that the new pay equity regime, if fully implemented, would increase compensation by \$621 million starting in 2023–2024, particularly for compensation for positions traditionally held by women.⁵⁶ In addition, the Office of the PBO estimated the ongoing cost for regulatory oversight of the new pay equity regime to be \$5 million and the cost for its ongoing administration to be \$9 million.⁵⁷ The Minister of Labour indicated that the Government of Canada has designated \$26.6 million over six years, and \$5.8 million per year ongoing, in the 2018 Fall Economic Statement for the oversight and administrative costs of the pay equity regime.⁵⁸

However, the PBO explained that these estimates are based on public data and that his office did not have access to disaggregated and detailed data it needed to accurately estimate the costs of the implementation of the Act.⁵⁹ He added that the estimates are based on data for the core public service, which accounts for only 30% of the federally regulated workforce. Since the data used excludes Crown corporations, the Prime Minister’s and ministers’ offices, parliamentary institutions, and the private sector, the PBO explained that the new pay equity regime’s effects “on all federally regulated workplaces will likely be substantially greater.”⁶⁰ The Committee heard that the Government of Canada indicated in the Act’s accompanying regulations that were published in November 2020 that the total costs associated with the regulations would reach “\$2 billion at net present value” in the private sector over a 10-year period.⁶¹

54 FEWO, [Evidence](#), 2nd Session, 43rd Parliament, 25 February 2021, 1115 (Hon. Filomena Tassi).

55 FEWO, [Evidence](#), 2nd Session, 43rd Parliament, 8 December 2020, 1200 (Yves Giroux).

56 *Ibid.*, 1215.

57 *Ibid.*, 1200.

58 FEWO, [Evidence](#), 2nd Session, 43rd Parliament, 25 February 2021, 1110 (Hon. Filomena Tassi).

59 FEWO, [Evidence](#), 2nd Session, 43rd Parliament, 8 December 2020, 1240 and 1250 (Yves Giroux).

60 *Ibid.*, 1200.

61 *Ibid.*, 1220.



The PBO told the Committee that his office requested “specific information on the number of employees by classification group and the composition, whether it's female-dominated or male-dominated,” but that the Government of Canada would not provide it because of cabinet confidence.⁶² The Minister of Labour confirmed to the Committee that cabinet confidence was the reason given by the President of the Treasury Board for not sharing the information requested by the PBO.⁶³

In order to have a better estimate of the expected increase in compensation stemming from the implementation of the new pay equity regime, the PBO suggested that “[p]arliamentarians may therefore wish to encourage the federal government to provide estimates of expected increases to federal public service employee salaries, along with analysis of the potential impacts on pensions and other future benefits.”⁶⁴

Recommendation 1

That the Government of Canada formally recognize its participation in gendered wage discrimination and violation of the *Canadian Human Rights Act* and move forward with its commitment to address this inequality by implementing the *Pay Equity Act*.

Recommendation 2

That the Government of Canada review and amend its regulations to shorten the three years given to design a plan to address pay equity in federally regulated workplaces; and shorten the timeline to implement the plan from the current three or five years depending on the companies’ size.

Recommendation 3

That the Parliamentary Budget Officer be granted the right to obtain any information requested by their office for the purpose of fulfilling the legislative mandate in a timely manner without hinderance of redactions or outright refusal supplying the information.

62 Ibid., 1205.

63 FEWO, [Evidence](#), 2nd Session, 43rd Parliament, 25 February 2021, 1110 (Hon. Filomena Tassi).

64 FEWO, [Evidence](#), 2nd Session, 43rd Parliament, 8 December 2020, 1200 (Yves Giroux).

APPENDIX A LIST OF WITNESSES

The following table lists the witnesses who appeared before the committee at its meetings related to this report. Transcripts of all public meetings related to this report are available on the committee’s [webpage for this study](#).

Organizations and Individuals	Date	Meeting
Office of the Parliamentary Budget Officer Robert Behrend, Advisor-Analyst Yves Giroux, Parliamentary Budget Officer Salma Mohamed Ahmed, Research Assistant	2020/12/08	9
Canadian Human Rights Commission Karen Jensen, Commissioner Pay Equity Jeff Willbond, Director General Proactive Compliance	2021/02/04	14
Department of Employment and Social Development Barbara Moran, Acting Assistant Deputy Minister Labour Program, Policy, Dispute Resolution and International Affairs Directorate Lori Straznicky, Executive Director Labour Program, Workplace and Labour Relations Policy Division Hon. Filomena Tassi, P.C., M.P., Minister of Labour	2021/02/25	18

REQUEST FOR GOVERNMENT RESPONSE

Pursuant to Standing Order 109, the committee requests that the government table a comprehensive response to this Report.

A copy of the relevant *Minutes of Proceedings* (Meetings Nos. 9, 14, 18, 30 and 31) is tabled.

Respectfully submitted,

Marilyn Gladu
Chair

Fair pay means that the work women and men do is equally respected and valued. Unfortunately, this is not the reality for many workers in Canada, where there is still a large gap between what women and men earn. This issue also isn't new, and it hasn't been a secret; successive Canadian governments have studied the issue, set up task forces, and commissions and have made declarations talking about the importance of pay equity, yet it still remains unavailable to Canadians today.

Starting in 1948, the Canadian government signed the Universal Declaration of Human Rights that enshrined the right to equal pay of equal value. Article 23 of the Declaration proclaimed that: *Everyone, without discrimination, has the right to equal pay for equal work*".

The Royal Commission on the Status of Women in Canada was created in 1967 and given the mandate to "inquire into and report upon the status of women in Canada, and to recommend what steps might be taken by the federal government to ensure equal opportunities for women in all aspects of the Canadian society. One of those recommendations was for pay equity legislation in Canada to cover all workplaces.

In 1977, the Canadian Human Rights Act, which applies to federally regulated employers, was enacted. Section 11(1) of the Act states: "It is a discriminatory practice for an employer to establish or maintain differences in wages between male and female employees employed in the same establishment who are performing work of equal value." This complaint-based system that is still in place today has failed to address the systematic discrimination in workplaces. Also, it requires those with less resources to take on larger systems and power structures, which results in women being discouraged from coming forward.

Even with the Human Rights Act and other policies in place, employers can still get away with continuing to pay women less by hiding unequal pay in different job titles, benefits or bonuses. Slight differences in duties could mean big differences in wages, especially for jobs normally held by men. We know too, that women are often steered toward jobs considered "women's work".

In 2004, another Liberal government launched another task force to investigate the issue of pay equity. The Pay Equity Task Force made a number of recommendations to address the gender wage gap in Canada. Their report also recognized that wage discrimination exists for people with disabilities, Aboriginal workers, and racialized workers. The Liberal government of the day and the Harper government failed to act on these recommendations and women were forced to continue to wait.

In 2018, the Liberal government introduced Bill C-86 Budget Implementation Act. Within the record-setting 850-page omnibus legislation, the government placed the Pay Equity Act. The legislation requires employers to take proactive measures to ensure they provide equal pay for equal work. It includes providing compensation to female workers to bring their pay up to those of their male counterparts.

New Democrats have long been calling for pay equity legislation and while we were glad to see movement, this bill still had many flaws. If the act had been tabled as a stand-alone bill, opposition parties could have proposed amendments to make it stronger, faster and more effective for workers. Sadly, the members of the Standing Committee on Finance only had nine seconds to examine each

section of the bill on average and it was therefore impossible to hear testimony to investigate the core issues in the Pay Equity Act.

The 2018 Budget Implementation Act also failed to allocate the resources and investments needed to do anything other than put titles on these bills. It was clear the Liberal government wanted to make it look like they were doing something before the 2019 election but, didn't take any real or substantive action. Even with the Pay Equity Act being given royal assent, the Liberal government continued to drag its feet in the publishing of regulations and the implementation of the act.

Despite this delay in implementation, the federal Minister of Labour announced in November 2020 the publication of the proposed Pay Equity Regulations in the Canada Gazette, Part I. The Regulations, which are required in order to support the implementation of the Act. The Liberal government also extended comment period to January 13, 2021. These regulations will be finalized when they are published in the Canada Gazette, Part II however that still hasn't happened as of the publishing of this report.

At the Standing Committee's December 8th, 2020 meeting the Parliamentary Budget Officer was asked why he thought it was taking the government so long to bring forward regulations.

Mr. Yves Giroux's answer:

Madam Chair, while I am no expert on pay equity and the implementation of the pay equity regime, I know a thing or two about government workings and regulation-making. It was the government's own legislation, so they knew this was coming. I'm convinced they could have drafted and implemented regulations more quickly and had an earlier coming into force.

The Pay Equity Act offers incredibly generous timelines of three years for employers to develop a pay equity plan and an additional three to five years to implement said plans, depending on the size of the organization. In other words, some women might have to wait until 2029 to see this pay equity legislation come into full force, more than a decade since the legislation was first passed.

In the PBO's report, it was noted that that in some instances, women saw a wage gap of \$3 per hour. Over the course of a year, or a worker's lifetime, this would have significant impacts immediately as well as for future benefits. When asked about this, Parliamentary Budget Officer Mr. Yves Giroux said:

That is totally accurate. If somebody is earning \$3 an hour less than they otherwise would have earned, it has an impact of about \$6,000 per year, and over the span of their career it can easily get into the tens of thousands of dollars.

It also has an implication for the retirement pension of that individual through either the QPP or CPP or an employer-based pension plan, because those are nearly always based on career earnings. The lower your earnings, the lower your CPP/QPP benefits are when you retire, and the lower your pension is as well.

With the long delays in implantation of the 2018 Pay Equity Act there will be direct impacts on women now and in the future. The Canadian Postmasters and Assistants Association (CPAA) has a membership of over 8,000 officers who work at rural post offices and they first filed a pay equity complaint in 1992, twenty-nine years ago. In May 2019, the CPAA signed its pay equity settlement with the Canada Post Corporation. Many of their members said they never thought they would live to see the end of this

dispute. But sadly, the settlement amount in some cases are being paid out to their members' estates, as those members have died since the complaint was first filed.

The Canada Post Corporation has been through several prolonged pay equity disputes within various employee units, including another court battle with female clerks that lasted for 25 years and cost millions of dollars. It is clear, the old pay equity system doesn't work, however we need to make sure not to continue to delay a new system from being fully implemented.

New Democrats believe that gender equity is a fundamental value and right, and we're committed to building a Canada where no one is left behind. New Democrats will prioritize pay equity to put an end to gender-based wage discrimination, no more waiting, no more delays. The governments needs to require employers to be transparent about pay, and implement and enforce tough and pro-active pay equity regulations immediately.

