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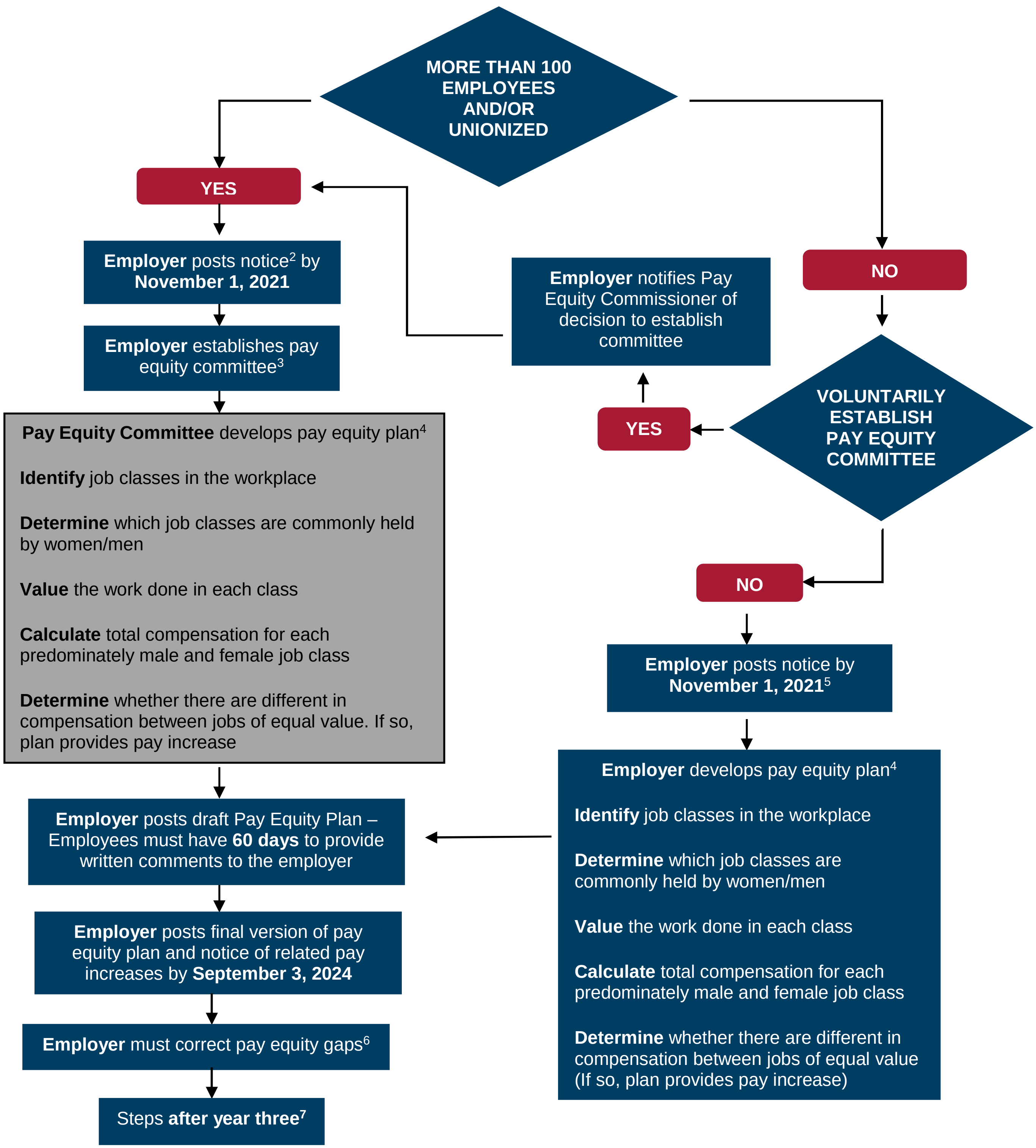
think: forward

Overview of pay equity process – Federally regulated[1] employers



Notes – as numbered in flowchart

1. Federally regulated employer:

- Workplaces governed by legislation enacted by the Government of Canada
- Includes private sector employers regulated under parts I, II, III, and IV of the *Canada Labour Code* (the "Code") and public sector employers regulated under parts II and IV of the Code only

2. Notice sets out:

- Obligation of employer to establish a pay equity plan and make all reasonable efforts to establish a pay equity committee
- Requirements for committee's membership
- Information for non-unionized employees, if any, of their right to designate committee members
- Information for unionized employees, if any, that their bargaining agent will select committee members

3. Committee composition:

- At least three members
- At least two-thirds of the members must represent the employees that the pay equity plan relates to
- At least 50% of the members must be women
- At least one member must be a person selected by the employer to represent it
- If some or all employees are unionized, there must be at least the same number of members to represent those employees as there are bargaining agents
- If some or all employees are non-unionized, at least one member must be a person selected by those employees to represent them

4. Developing the pay equity plan:

Job classes – positions are considered to be in the same job class if:

- They have similar duties and responsibilities
- They have similar qualifications
- They are part of the same compensation plan and/or are in the same salary range

Determination of predominately female/male job classes – a job class is considered to be a predominately female/male job class if:

- At least 60% of the positions in the job class are occupied by women/men
- Historically, at least 60% of the position in the job class were occupied by women/men
- The job class is commonly associated with female/male due to occupational gender-based stereotyping

Calculation of compensation – an employer, or if a pay equity committee has been established, that committee, must calculate the compensation in dollars per hour associated with each job class and the value of work performed

Comparison of compensation – methods used:

Equal average method: Dividing the male and female job classes into bands. A band is a range of job classes that are of equal or comparable value. Comparing the average compensation of the female job classes within a band to the average compensation of the male job classes within that band.

Equal line method: Involves the creation of two regression lines. One line represents the relationship between the job value and hourly rates of compensation for all of the predominately female job classes. The other line represents the values and compensation for all the predominately male job classes.

Requirement to provide information

- Employers must provide the pay equity committee with any information in the employer's possession that the committee considers necessary for the establishment of the pay equity plan
- If some employees that the equity plan relates to are unionized employees, every bargaining agent that represents those unionized employees must provide the pay equity committee with any information within their knowledge or control that the committee considers necessary for the establishment of the pay equity plan

5. Notice sets out:

- Obligation of employer to establish a pay equity plan

6. Phase in the increases:

If the total amount of the increases in compensation that are owed to all employees is greater than 1% of the employer's annual payroll, the employer may phase in the increases over a number of years

- Employers with 10 to 99 employees who qualify, must phase in the increases in compensation within five years of posting their plan
- Employers with 100 or more employees who qualify, must phase in the increases in compensation within three years of posting their plan
- Each annual increase must be equal or greater than 1% of the employer's payroll costs for the year preceding the posting of the plan

7. Steps after year three:

- The filing of an annual statement is required after the three-year period in which you develop and post your pay equity plan
- All employers must update their pay equity plan every five years