

General Webinar Pay Gap Reporting in Federally Regulated Workplaces

Workplace Equity Division

1. Introduction

Raising awareness of pay gaps affecting women, Indigenous peoples, persons with disabilities and members of visible minorities.

- In Budget 2018, the Government announced a commitment to introduce pay gap reporting as a pay transparency measure for federally regulated private-sector employers with 100 or more employees to reduce pay gaps.
- Pay gap reporting will provide Canadians with user-friendly, comparable online information on pay gaps of these employers.
- Canada is the first country to make information publicly available for the four designated groups.
- Pay transparency is separate from proactive pay equity, which requires employers to examine their compensation practices to ensure that they are providing “equal pay for work of equal value.”



2. Context

- Despite narrowing educational and work experience gaps, pay gaps persist among workers in Canada.
- According to Statistics Canada, in Canada, employed core-aged women (25 to 54 years old) earned 88 cents for every dollar compared to men in terms of their average hourly wage in 2019, up from 81 cents in 1998.
- Among employees in permanent full-time positions that were working in 2019 for private-sector employers subject to the *Employment Equity Act* (the Act), 65.7% of men and 52.6% of women earned \$60,000 and more per year. This compares to
 - 63.5% of Indigenous men and 46.3% of Indigenous women
 - 63.1% of men with disabilities and 50.8% of women with disabilities
 - 62.1% of visible minority men and 52.1% of visible minority women



3.1 What is pay gap reporting?

- Pay gap reporting is about making information on pay gaps publicly available.
- It determines and makes public differences in average pay that affect members of the designated groups and require further analysis.
- It seeks to identify differences in hourly wage, bonus pay, overtime pay, and overtime hours.
- This data may reveal specific patterns regarding the hourly wage, bonus pay and overtime pay of employees that affect members of designated groups and are caused by employment barriers.



Applies only to Legislated Employment Equity Program (LEEP) Employers

3.2 Pay gap reporting and employment equity

- The Act requires employers to:
 - collect workforce information
 - conduct workforce analysis to identify gaps
 - review the employment systems, policies and practices to identify barriers
 - prepare and implement a plan to remove barriers and address gaps
 - report workforce data as well as measures, results, and consultations
- With pay gap reporting, new barriers might be uncovered and addressed.



3.3 How are pay gaps calculated?

- Pay gaps are calculated by comparing the pay of a subject group to the pay of a comparison group:

$$\text{PAY GAP} = \frac{\text{Pay of comparison group} - \text{Pay of subject group}}{\text{Pay of comparison group}} \times 100$$

EXAMPLE

$$13.3\% = \frac{\$15/\text{hr (wage for men)} - \$13/\text{hr (wage for women)}}{\$15/\text{hr (wage for men)}} \times 100$$

4.1 Reporting requirements

- Each year, LEEP employers are required to file an employment equity report.
- The report includes six forms with employment equity information on the four designated groups.
- Employers survey their workforce to report representation data, employee occupational groups, employee salary ranges, and the number of employees hired, promoted and terminated.
- Employers must provide the forms, along with a narrative explaining the various measures implemented, results achieved and consultations held, by June 1st of each year.



The six forms are [publicly available](#)

4.2. What's new?

- Employers will now report new salary data to enable the calculation of aggregated pay gap percentages on newly created Parts D to G of Form 2.
- The [Workplace Equity Information Management System](#) (WEIMS) will automatically calculate the pay gap information for Form 2 based on the following elements to be submitted:
 - salary paid
 - number of hours corresponding to the salary
 - number of weeks corresponding to the salary
 - bonus pay paid in the reporting year
 - overtime pay paid in the reporting year, and
 - number of overtime hours worked for the overtime pay

Employers will verify the data on Form 2 before submitting the annual report

4.3 What will the Form 2 pay gap report include?

- For each employer, aggregated pay gap information will be reported for women, Indigenous peoples, persons with disabilities and members of visible minorities:
 - for the employer's overall workforce
 - by industrial sector reported
 - by geography (province and census metropolitan area)
 - by employment status (permanent full-time, permanent part-time, temporary), and
 - by employment equity occupational group (EEOG)

The Form 2 (Parts D to G) can be found [online](#)

5. What will be published?

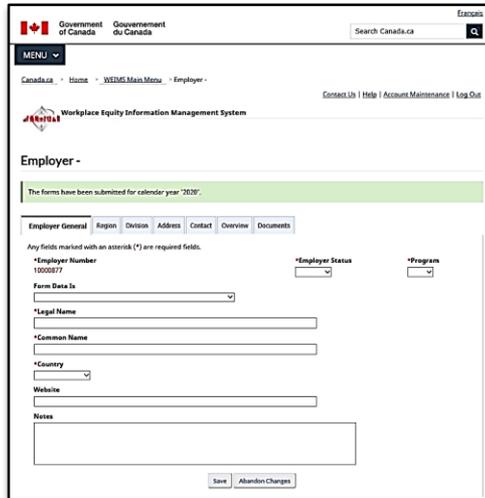
- Information submitted through WEIMS will be published online through a new data visualization application.
- The application will provide easily comparable data on representation rates and designated group pay gaps for each federally regulated private-sector employer.
- Pay gap information presented will include:
 - Mean and median hourly wage gaps
 - Mean and median bonus pay gaps
 - Mean and median overtime pay gaps
 - Mean and median overtime hours gaps
 - Proportion of employees receiving bonus pay
 - Proportion of employees receiving overtime pay



6.1 Digital development

Workplace Equity Information Management System

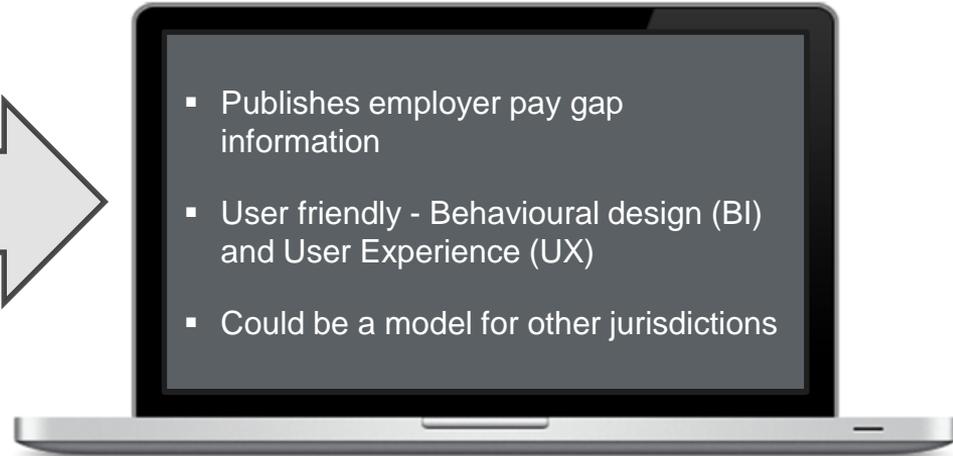
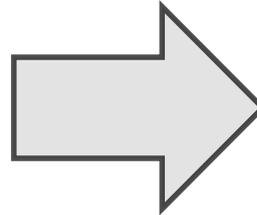
Employers currently use the Workplace Equity Information Management System (WEIMS) to submit their annual employment equity reports



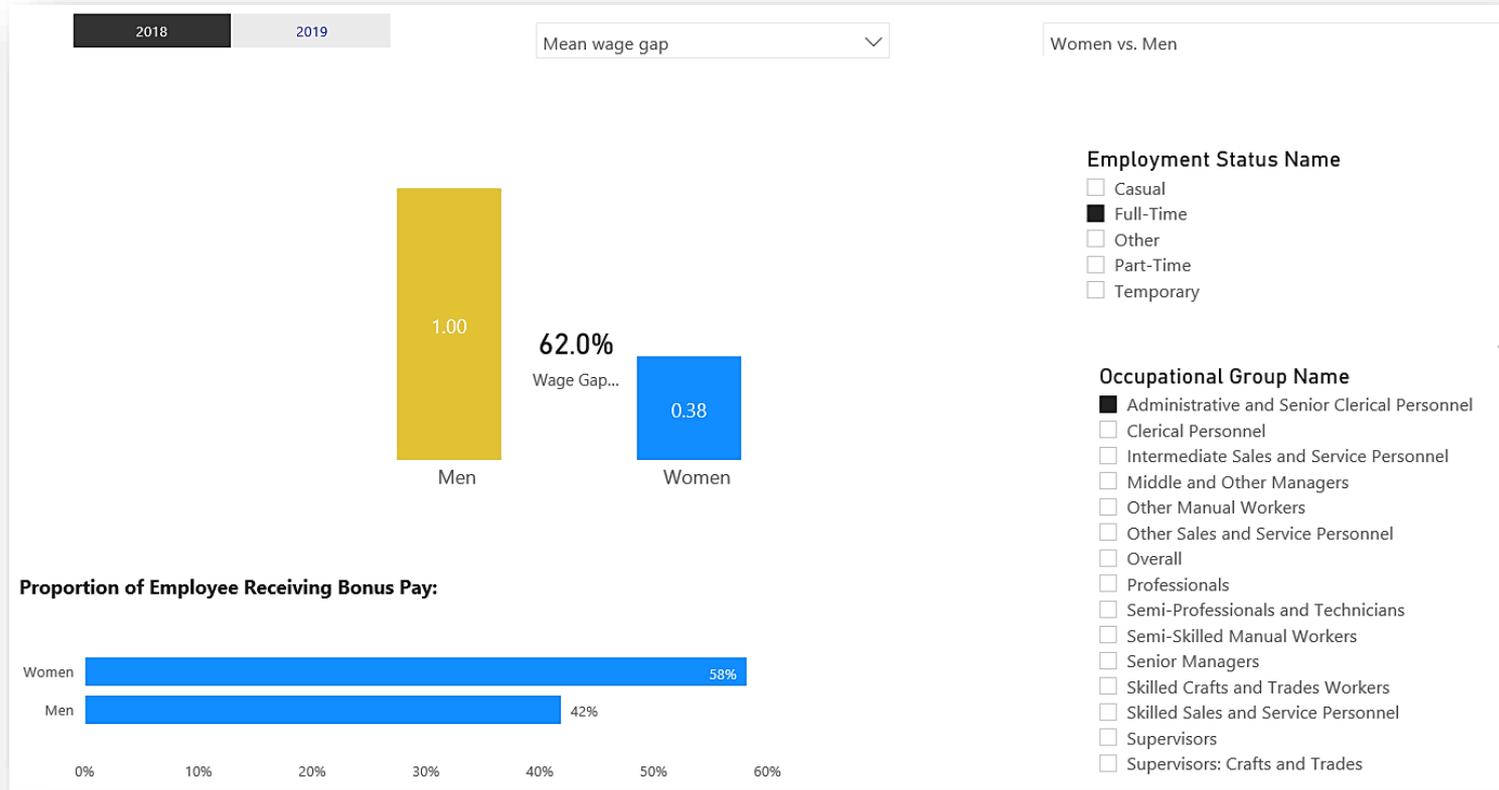
- Accepts new salary data elements
- Calculates hourly rates
- Calculates aggregated pay gap percentages

New Data Visualization Application

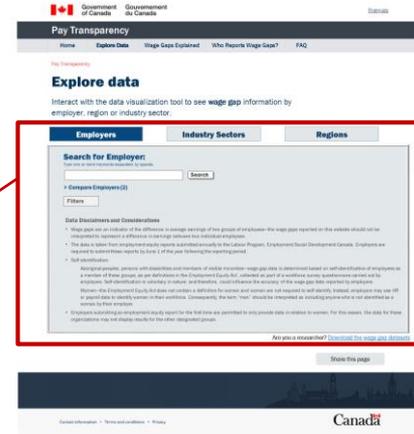
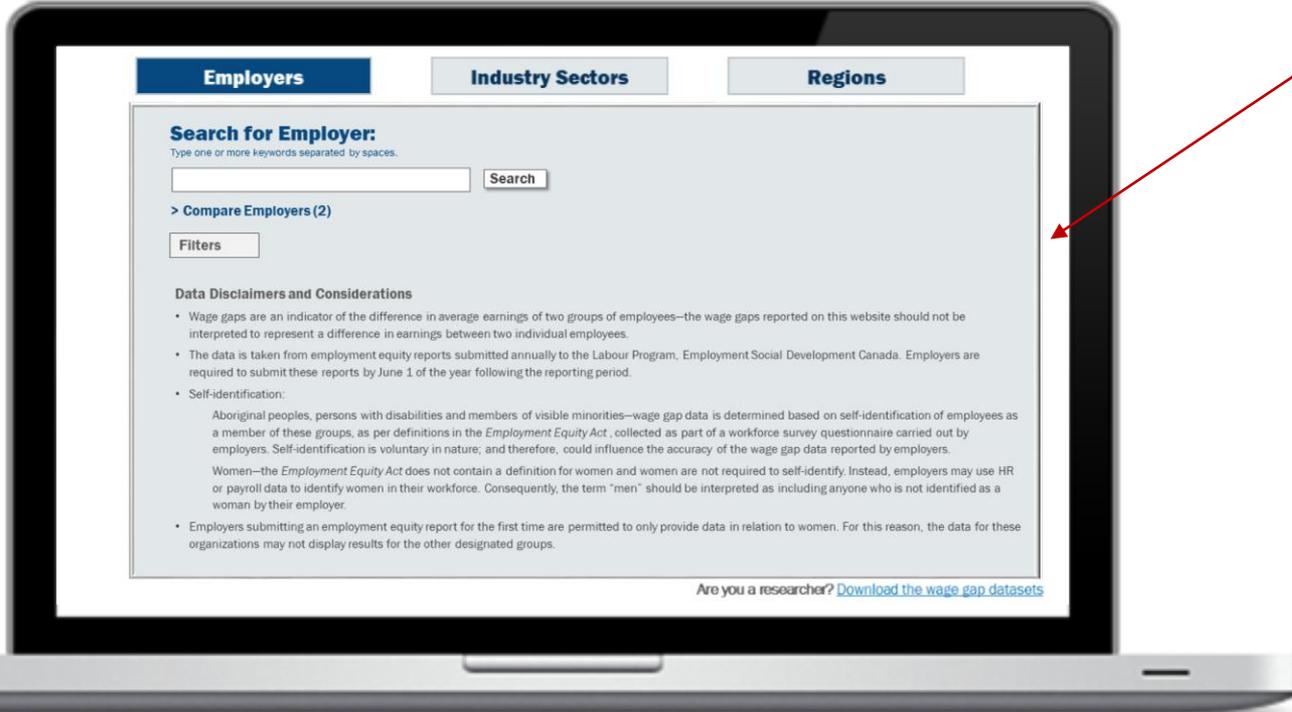
A new online application will publish pay gap information by employer, industry and province



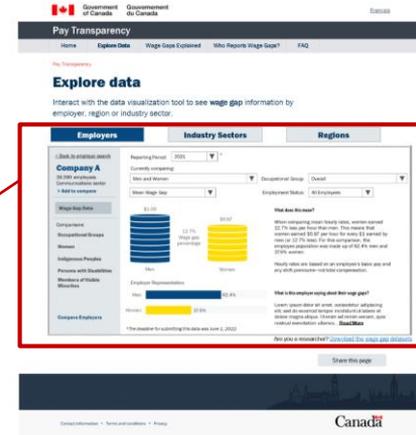
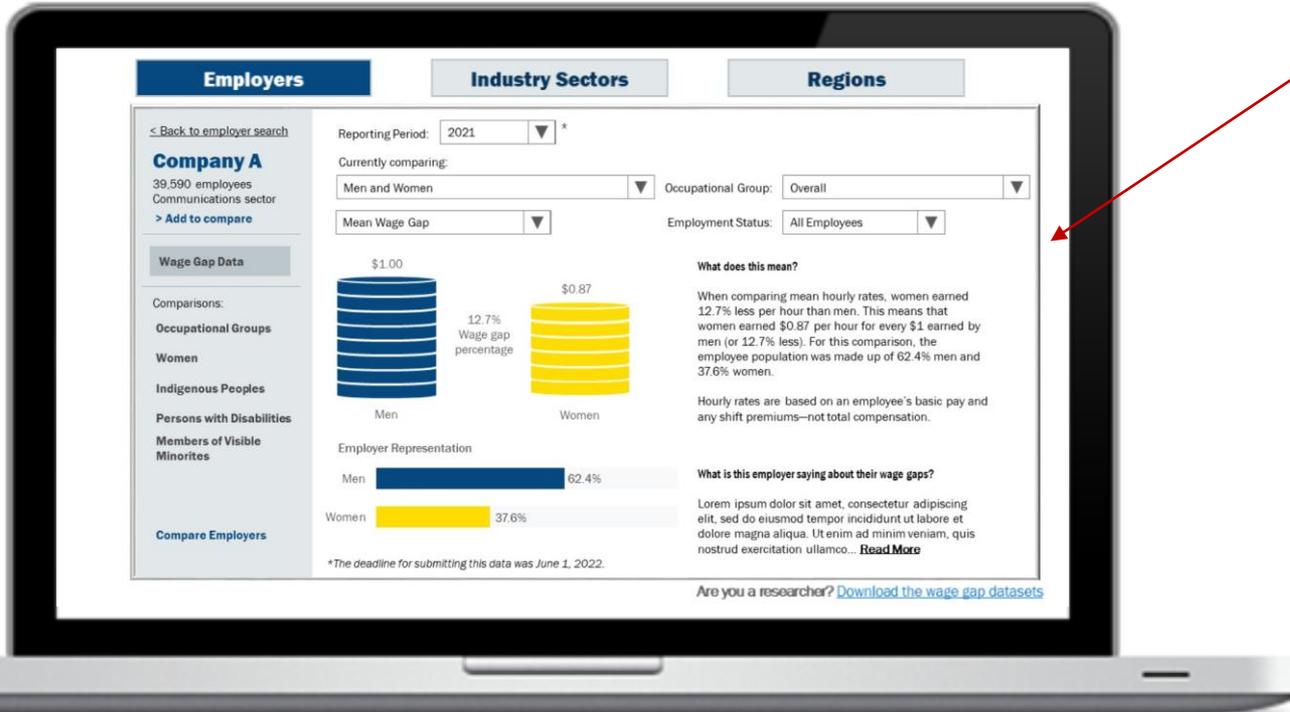
6.2 Sample pay gap data display (conceptualization)



6.3 Sample – Explore data page (1)



6.4 Sample – Explore data employer page (2)



7. Why are pay gaps important?

- Pay gaps can help uncover employment barriers, such as the negotiation of starting salaries or the promotion application process.
- They can be used as a diagnostic tool for employment equity.
- Their effectiveness as a diagnostic tool relies on the ability to identify policies and practices responsible for pay gaps.



8.1 Identifying policies and practices: steps to take

- Start by examining pay gaps at each Employment Equity Occupational Group (EEOG) level.
- Review existing formal and informal policies and practices.
- Specific attention should be given to salary-related policies and practices, as responsible for the salary levels and pay gaps.
- Consider policies and practices responsible for the composition of the EEOG.
 - for example, members of designated groups recently hired or promoted
 - additional policies and practices: recruitment, selection, hiring, development, training, promotion, retention, termination, attitudes, organizational culture, and accommodations



8.2 Identifying policies and practices: making comparisons

- Comparisons can help draw attention to specially relevant policies and practices:
 - compare with the same EEOG in other industrial sectors
 - compare with the same EEOG under a different employment status
 - compare between mean and median pay gaps
 - analyze distribution of members of designated groups within EEOG units.



9.1 Identifying barriers: five criteria

Once policies and practices have been identified, they should be reviewed for barriers. There are five criteria for barriers:

- adverse impact: does the policy/practice contribute to the pay gap?
- legality: does the policy/practice comply with existing human rights and employment standards legislation?
- consistency: is the policy/practice applied equitably and consistently?
- validity: is the policy/practice necessary for the safe and efficient operation of the organization?
- accommodative nature: can an accommodation be made to reduce or eliminate the adverse impact?



Policies and practices that cause pay gaps but are legal, consistent, valid and cannot be accommodated, are not barriers

9.2 Identifying barriers: seniority rights

Under the Act, seniority rights have special standing:

- rights with respect to layoff or recall are not barriers
- other rights are not barriers, unless they are [discriminatory](#) under the [*Canadian Human Rights Act*](#)
- when rights have adverse impact, measures must be taken by employers in consultation with employees' representatives to minimize impact



Seniority rights causing pay gaps should be addressed by employers in consultation with employees' representatives

10.1 Addressing pay gaps: actions

- Once barriers that cause pay gaps have been identified, measures should be taken to eliminate them and correct the gaps:
 - measures for eliminating employment barriers
 - positive policies and practices to create an environment that supports employment equity more generally
 - special measures targeting members of designated groups and designed to close gaps in the short term, and
 - accommodations to minimize the pay gaps created by valid policies
- Example: using WEIMS to assess pay gap implications of proposed annual salary adjustments.



10.2 Addressing pay gaps: limitations

- Under the Act, employers are not required to:
 - take measures that cause undue hardship
 - hire or promote persons without essential qualifications
 - create new positions
- To determine when hardship becomes "undue", the employer must consider cost, health and safety.



11. Reporting implications

- Measures taken and results achieved during the reporting period should be reported in the narrative report.
- Employers will have an opportunity to provide contextual information on pay gap data through WEIMS that will be posted in the online data visualization application.
- Consideration should be given to calculating pay gaps early (i.e., before the deadline) to help inform the Pay Gap Contextual Information section in WEIMS.
- If pay gaps are calculated before the salary review process, analysis can help address gaps and be mentioned in the Pay Gap Contextual Information section.



12. Next steps

- Collect workforce data for the 2021 calendar year
- Prepare employment equity data in advance of June 1, 2022
- Login and update organization contact information in WEIMS
- Upload 2021 data to WEIMS
- Examine workforce representation and pay gap data
- Prepare and include pay gap contextual information
- Include measures, results and consultations in the Narrative Report section
- Submit annual report on or before June 1, 2022



Additional resources available to employers

- General information
 - [Pay transparency in federally regulated workplaces](#)
 - [Government of Canada moves forward with pay transparency measures for greater equality in workplaces](#)
- Employment equity tools and guidance
 - [WEIMS help page](#)
 - [Interpretations, policies and guidelines](#)
- UK gender pay gap reporting
 - [Data comparison site](#)
 - [Understanding your gender pay gap](#)
 - [Developing a gender pay gap action plan](#)



Dedicated Program Officers are available to help guide you through the new reporting requirements

Should you have additional questions, please contact the Workplace Equity Team by email at: ee-eme@hrsdc-rhdcc.gc.ca

