

The impact and implementation of the Québec Pay Equity Act

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Outline

- Main features of the Québec Pay Equity Act (QPEA)
- The Pay Equity Plan
- Joint participation
- Degree of implementation
- Other impacts
- Conclusion

**Main features
of the
Québec Pay Equity Act (QPEA)**

- Enacted in 1997 ; major amendments 2009 and 2015
- Principle:
 - Equal pay for work of equal value (ILO c100)
- Purpose:
 - Erase pay discrimination towards persons working in predominantly female job classes.

- **Main features:**

- **Mandatory and large scope of application : employers with 10 employees or more**
 - 56 000 enterprises,
 - 80% of the labour force = 2 727 000 persons
 - 48% women = 1 300 000 persons
- **Detailed methodology : the Pay Equity Plan**
- **Participatory: employers and employees representatives (unionized or not)**
- **Flexibility: different requirements according to size**
- **Target date of completion: 4 years for the PEP ; 4 years for wage adjustments**

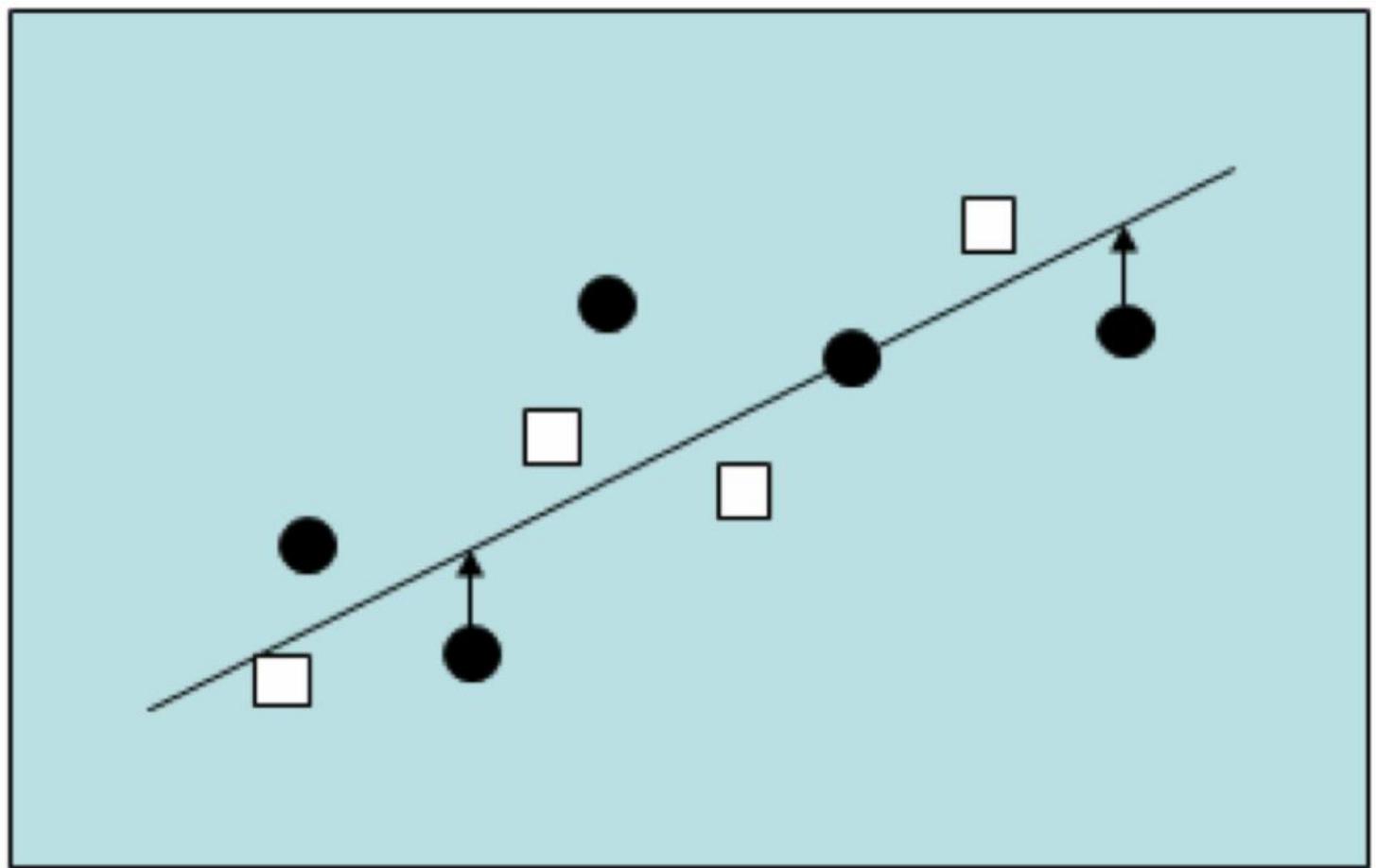
THE PAY EQUITY PLAN: A FLEXIBLE PROCESS

PAY EQUITY PLAN

1. Determine the gender predominance of jobs: different indicators
2. Determine the value of the jobs through a gender neutral evaluation method: adapted to size of enterprise and economic sector

PAY EQUITY PLAN

3. Determine pay gaps between jobs of equal value



PAY EQUITY PLAN

4. Make pay adjustments to correct the discriminatory pay gaps towards predominantly female jobs.

Pay equity and market adjustments

- Does pay equity conflicts with market forces i.e with demand and supply wage adjustments?
- How this is taken into account in the Pay equity act?

Pay equity and collective agreements

Principle: one PEP whatever the number of unions represented in the enterprise

But in most cases, each union has preferred to develop distinct plans with the employer.

Reason: to avoid a strong linkage between all the collective agreements in a given enterprise.

- Québec having a decentralised system of labour relations, in general , pay equity plans are implemented within each entreprise and not by industrial branch or sector.
- Sectoral PEP are allowed

MANDATORY REPORTING

- Reporting requirements: DEMES
- What is the DEMES used for?
 - □ To make employers annually aware of their obligations under the Pay Equity Act;
 - □ To measure the level of application of the Pay Equity Act in Québec;
 - □ To target support and verification interventions by the Commission in enterprises.

Reporting requirements: DEMES

Examples of questions related to Pay Equity

Did you implement pay equity for all the employees in your enterprise?

Date of posting

Have you completed a pay equity audit for all the employees of your enterprise?

Penalties up to 45 000\$ for not filing the form or making a false declaration

Joint participation
in the development of the
PEP

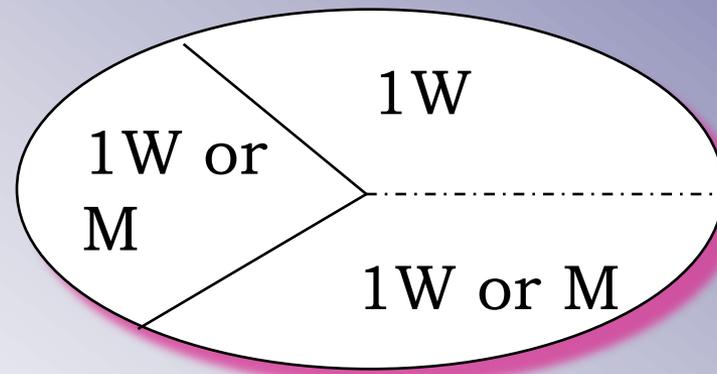
Obligations under the QPEA

The Act requires:

- A pay equity committee for all enterprises with 100 or more employees: employer-union representatives- non-unionised employees representatives.
- . Joint participation employer-union for all enterprises with 50 to 99 employees

Participation : Example of Pay equity committee structure

**1/3 are employer
representatives**



**2/3 are
employee
representatives**

**Mandate: Development and implementation of
the Pay Equity Plan**

Legal obligations concerning the : pay equity committee

From the part of the employer:

- Training
- Information and Transparency

From the part of employees representatives:

- Confidentiality concerning all data required for the PEP
- Penalties for breach of confidentiality

Conflicts between the parties

- Conflicts between employer and employees representatives:
 - conciliation by the Québec Pay equity commission (very successful).
 - Confidentiality of all the process and the results
 - If conciliation does not work: decision of the Commission
 - If parties do not agree with the Commission's decision, then tribunal.

Relation with collective agreements

Adjustments in compensation in respect of predominantly female job classes(...) **are deemed to form part of the collective agreement or the conditions of employment applicable to employees holding positions in those job classes. (Section 76.6 PEA)**

Impacts of joint participation

- ❖ **Ensure better knowledge of jobs**
- ❖ **Avoid use of external consultants**
- ❖ **Develop internal expertise that is highly useful in the long-term**
- ❖ **Improve labour relations**

Degree of pay equity implementation

Implementation of the QPEA

- At the beginning of July 2015: 84% of employers have implemented Pay equity
- Highest rate; 94%: enterprises with 100 employees and more.

- **WAGE ADJUSTMENTS:** in Québec, 0.5% of wage bill for SME to 3.76% for public sector. In Ontario: 0.5% to 2.2% of wage bill.

A few adjustments examples

Partial results indicate that:

The average pay increase given to female-dominated jobs varied between 5.6% and 8.4%

Female-dominated occupations which most often benefit from pay adjustments are:

- Clerks (office, accounting, data entry)
- Secretaries
- Different types of agent (reception, cloakroom, reservations)
- Female packers, wrappers, production operators

Other impacts

Benefits

- Better knowledge of the characteristics of jobs
- Contributes to improving various human resource management practices, such as recruiting, selecting and promoting personnel (25% net improvement)
- Achieve better match between applicants' qualities and requirements of the positions to be filled

Benefits

- Selecting a single evaluation method to measure all of the organization's jobs contributes to simplifying human resource management, including the compensation system (38% net improvement)

Benefits

- Obtaining a compensation system that is consistent and tailored to the needs of the organization
- Enhanced attractiveness of the organization
- Protection from being sued for wage discrimination

CONCLUSION