

Federal Employers: Take Note Of Upcoming Pay Equity Deadline



By September 3, 2024, federally regulated employers subject to the *Pay Equity Act* (Act) are required to post the final version of their first pay equity plan.

Where pay equity gaps were identified, most employers are required to implement all necessary compensation increases by September 4, 2024, at the latest, although some employers will be permitted to phase in the compensation increases. In particular, employers are eligible to phase in increases where the total increase in compensation owed to employees is greater than 1% of the employer's preceding year's annual payroll. Under the phase-in model, all increases in compensation must be completed by 2029 at the latest.

By June 30, 2025, and annually thereafter, federal employers subject to the Act will be required to submit a declaration with regard to their pay equity plans. Employers will also be required to update their plans at least once every five years to identify and address any potential wage gap concerns.

The Act, introduced as part of the *Budget Implementation Act, 2018, No. 2* (Bill C-86), came into force as of August 31, 2021, and applies to all federally regulated employers with 10 or more employees.

The stated objective of the Act and its supporting *Pay Equity Regulations* is to identify and correct gender-based wage gaps for employees in mostly female job classes. The Act aims to eliminate the gender wage gap and reaffirm Canada's commitment to ensuring "equal pay for work of equal value."

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