

[TRANSLATION]

Bill C-97, Budget Implementation Act, 2019, No. 1
Part 4, Division 3 (Proposed Amendments to the *Employment Equity Act*)

CPHR/CRHA Canada Opening Statement Before the
Standing Senate Committee on National Finance, June 11, 2019

Thank you, Mr. Chair.

It is with great pleasure that CPHR/CRHA Canada has accepted your invitation to appear as part of your study of Bill C-97, *Budget Implementation Act, 2019, No. 1*, with respect to the proposed amendments to the *Employment Equity Act*.

CPHR Canada is the national voice of the human resources profession, representing more than 27,000 chartered professionals in human resources in Canada.

My name is Denise Perron, CPHR. For over 25 years, I have been working in the field of employment equity and pay equity. For the past 14 years, I have been president of Groupe AEQUITAS, a pay equity and employment consulting firm. I have also been a consultant in other consulting firms. I was a commissioner at the Commission de l'équité salariale du Québec for 7 years. I help some of Canada's largest companies meet the requirements of the *Employment Equity Act*.

My remarks will focus on Division 3 of Part 4 of the bill, which amends the *Employment Equity Act* to require federally regulated private-sector employers to report salary information about their employees.

It is a good thing that the Canadian government has decided to update the *Employment Equity Act*. In the current environment where the spotlight is often on the right to pay equity (with the *Pay Equity Act* assented to on December 13), it is important to stress that the status of the four designated groups under the *Employment Equity Act* (women,

Aboriginal peoples, members of visible minorities, and people with disabilities) must be monitored very closely.

But, since the adoption of the *Pay Equity Act* is on the agenda, it is important to ensure that the requirements of the *Employment Equity Act* and the *Pay Equity Act* are aligned.

It is this particular point that the CPHR's comments will focus on.

We know that each year on June 1, federally regulated private-sector employers are required to submit an employment equity report for their organization. This includes the representation of designated groups in their workforce and the degree to which employees in these groups are hired, promoted and laid off. Employers must also report on activities to promote the equitable representation of designated group members and the quantitative and qualitative objectives they have set to eliminate the under-representation of designated group members in their workforce.

In addition, employers must provide data on “the salary ranges of its employees and the degree of representation of persons who are members of designated groups in each range and in each prescribed subdivision of the range” (paragraph 18(1)(c) of the *Employment Equity Act*).

The resulting red tape has long placed a burden on employers. However, the bill adds the following to this paragraph: “and any other information in relation to the salary of its employees that may be prescribed”.

In principle, the update to the *Employment Equity Act* should make things easier for employers. That is why **we recommend that the amendments to this Act take into account the requirements of the *Pay Equity Act* in the way compensation is measured.** That way, employers would not have to use different data to comply with both Acts.

The proposed amendment does not specifically mention methods for calculating salary. The details are usually provided by the regulations. However, we would like to draw your attention to some factors that the *Employment Equity Act* should take into account:

1. Implicitly, the *Employment Equity Act* refers to annual salaries. However, in recent years the way work is performed has changed and will continue to do so. We are seeing more and more flexible forms of work, such as flexible working hours, four-day weeks, telework, job sharing, phased retirement, etc. As a result, annual salary projections become more difficult and less reliable. **We therefore recommend using only hourly salary rates.**

As well, since this is the basis used for the purposes of the new *Pay Equity Act*, this will substantially decrease the administrative burden for employers.

2. As for the **other information in relation to salary** proposed in the amendment to the Act, **we recommend including bonuses (converted on an hourly basis), but not overtime pay.** This type of pay is for additional hours worked, most often due to a labour shortage (nurses) or a special situation (work overload). Including overtime adds to the burden as well as incorporates bias in comparing total salary without providing any useful insight into the salaries of members of designated groups.

We believe that our recommendations would simplify the collection of salary information while providing a basis that can also be used for the purposes of the *Pay Equity Act*. Employers will then be able to address the Canadian government's concerns without having an undue administrative burden imposed on them.

Thank you for the opportunity to share our recommendations with you and to take part in your discussions. I am available to answer your questions.