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PAY EQUITY: HIDDEN OPPORTUNITY AND RISK

Pay Equity is defined as equal pay for work of equal value. As an employer of 10 or more employees in the Province of Ontario who is not federally regulated, Pay Equity may effect your organization.

What is Pay Equity?
The Pay Equity Act requires that jobs be evaluated, and that work mostly or traditionally done by women be compared to work mostly or traditionally done by men. The value of a job is based on the levels of skill, effort, responsibility and working conditions involved in doing the work. If jobs are of a comparable value, then females must be paid at least the same as males for performing the work. The purpose of the legislation is to redress historic gender discrimination in the compensation of women in Ontario.

Who Is Covered?
The Pay Equity Act covers any public sector employer that is not federally regulated, or a private sector employer with 10 or more employees in Ontario that is not federally regulated. Full time and part time employees are covered by the Act, including employees who work on a seasonal basis. Students working during vacations only are not covered. While a new employer may not have to post a Pay Equity plan they must still compare male and female job classes and pay female job classes at least as much where they are found to be of equal value to male job classes.

Employer's Obligation:
Developing a Pay Equity Plan is the first step in meeting an employer's obligations under the Act. It is important to note that if a union is in the workplace, they are entitled to be involved in the Plan development. The Plan must contain the following:
- Job classes and gender
- Gender neutral job evaluation system used or to be used
- Comparison of job classes and their job rates (salary)

The plan will identify male and female dominated jobs - and those that are of equal value. It also provides a payment schedule to bring female dominated positions (those of equal value) inline with their male counterparts, in order to achieve Pay Equity.

However there are five statutory exemptions to Pay Equity. These are:
- A gender neutral seniority system
- Temporary training or development assignments
- Merit pay plans based on formal performance ratings and gender neutral
- Skills shortage causing temporary wage inflation
- Red-circling (freezing an individuals wage until the job class wage catches up with the incumbent's salary)

Employers need not make pay equity adjustments where the pay differences between male and female job classes are the result of one of these five factors.

Risk of Non-compliance:
If an organization does not have a Pay Equity Plan in place or has not maintained its current one, it can be exposed to potentially serious financial liability. An anonymous complaint may prompt a directive from the Pay Equity Office (the agency responsible for enforcing Pay Equity) for the organization to comply forthwith with their Pay Equity obligations. There is no statute of limitations under the Pay Equity Act and any salary/pay adjustments owed by the employer are retroactive to the date of contravention. Simply put you could owe past and current employees additional pay. In the case of not-for-profit organizations, this financial obligation can extend directly to the Board of Directors.

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Employers need to keep all documentation that has a bearing on Pay Equity, be it the original job comparison process, job descriptions, pay equity plan or payroll records showing when adjustments were made.

Maintaining Pay Equity

If an organization has a Pay Equity Plan they are required to maintain it. Pay Equity is not a one-time effort. Due to changes in the workplace, the Act requires that an employer achieve and maintain Pay Equity. Employers are required to review and monitor all elements involved in the pay equity process, including changes related to the gender of job classes, the value of job classes, the compensation adjustments, the wage differences between compared jobs, and the effect of organizational changes on compensation practices. An organization should review its plan when the following changes occur, as they could impact Pay Equity:

- Changes in duties or responsibilities of jobs
- Changes to gender of jobs
- A union is certified to represent previously unrepresented jobs
- New jobs are created
- Jobs are eliminated
- Workplaces are restructured
- A business is sold (defined as merger, sale, lease, transfer, acquisition, amalgamation)

More Information

To find out more about Pay Equity go to www.payequity.gov.on.ca where you access useful information for employers and employees.

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ASSOCIUM has been a leading Human Resources Management and Organizational Development firm since 1984. We have distinguished ourselves as a firm able to deliver cost effective strategies and programs in areas ranging from compensation design, performance management to diversity training.

ASSOCIUM brings to all its projects a network of CHRP staff consultants, senior associates and qualified support personnel backed by the latest in information and communications technologies. In addition, we operate GAIN the largest group buying program for the not-for-profit sector in Canada, as well as managing a large employee benefits program.

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- Recruitment and Selection (Senior Management and Employees)
- Employee and Labour Relations
- Conflict Management and Dispute Resolution
- Anti-Harassment and Racism Policy Development and Training
- Valuing Diversity and Equity/Non-bias Selection Training
- Outplacement Services
- Organization Planning/Restructuring
- Change/Transition Management
- Program Evaluation and Development
- Specialized Services - Health Planning, Social Marketing, Workplace Wellness
- Business Plan Development

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