

Requirements Under Ontario's Pay Equity Act: Are There Benefits To Reap?

Plus: New Requirements Under Quebec Pay Equity Act

It has been over 20 years since the introduction of the *Pay Equity Act* in Ontario. Judging by what we see in the news, it appears there is still much work to be done in closing the wage gap between jobs traditionally held and performed by men and jobs traditionally held and performed by women.

There are a number of different ways an organization can become involved with the Pay Equity Commission, including:

1. Direct complaint from employee(s) to the Commission
2. Bargaining Unit Representatives challenging an employer on Pay Equity issues
3. Educational programs provided by the Commission
4. The Pay Equity Commission's Monitoring program

In the latter, the Commission conducts an active Monitoring program to help increase the effectiveness of the Act, as well as to help organizations become compliant. We often find that employers that created a Pay Equity Plan in the early 1990s failed to maintain the Plan. Too often we hear employers not taking action because they were under the impression that Pay Equity legislation was cancelled, (when in actual fact they are confusing this with *Employment Equity* legislation in Ontario that was repealed in December 1995). Another common misconception is that Pay Equity is the same as "*Equal Pay for Equal Work*", when in fact this is another requirement that is in force under Ontario's *Employment Standards Act, 2000*.

Often an employer becomes aware of the need to maintain when there is a complaint from an employee, a union or via visit from a Review Officer from the Pay Equity Commission. It is in these situations that Pay Equity can have a significant impact on an organization, both in terms of financial liability as well as employee/union relationships.

Under such an environment and given the nature of the issue of gender equity in pay, can a process that evolved as a result of compliance to legislation add value to your organization? Can the process yield benefits for employees? Despite the threat of financial liability or detrimental employee or union relationships, are there actual benefits to reap?

The answer is yes! Implementation brings with it structure, process, discipline, equity and where committees are involved, transparency about how jobs are valued and how pay is established.

The outputs from the implementation of Pay Equity in the workplace yields:

- defensible compensation practices
- a better understanding by the employer of what employees do in their jobs
- broadening transparency in the workplace
- development of better compensation policies and practices, all of which leads to an organization's increased performance

The knowledge and tools that have evolved since the inception of the *Pay Equity Act* include:

1. Assimilation of an effective and gender-neutral comparison system (GNCS) in the workplace
2. Banding of jobs by similar value results in the development of internal equity
3. With the banding structure in place, benchmark market assessment can be completed
4. Maintenance aspects of Pay Equity help organizations stay current with their compensation philosophy and practices.

- ◆ Quebec Pay Equity has been in the news lately due to changes in compliance requirements. (In Quebec, the *Pay Equity Act* has been in force since November 21, 1997.) On May 28, 2009, the *Act* (Bill 25) to amend the *Pay Equity Act* came into existence to reinforce pay equity in Quebec. The new *Act* requires that organizations that have not yet completed a pay equity plan or determined compensation adjustments do so by December 31, 2010. Those organizations that have already complied require that a first pay equity audit (or maintenance) be conducted by December 31, 2010. Consequences of non compliance include imposed adjustments, interest and possible fines. We highly recommend taking an active role in ensuring compliance under the *Act*.

Whether you are in the midst of your first Pay Equity study in Ontario or Quebec, or are conducting on-going job evaluation effort in order to ensure the maintenance aspects under either *Pay Equity Act*, keep in mind that there are positive aspects emerging out of the discipline and process pay equity will bring to your organization.

Mary Turan is a Sr. Consultant and Susan Tang is a Sr. Analyst and Consultant at McDowall Associates Human Resource Consultants Ltd., a Toronto based company that specializes in Pay Equity and compensation systems development.