



Introducing Pay Equity Express

By Liz Wright, Managing Director, Gallagher McDowall Associates

With the growing importance on corporate social responsibility, wage parity and rapidly changing regulatory and compliance requirements particularly in North America, we believe it is opportune to offer our insights on upcoming pay equity issues, requirements and trends.

As many of you are aware, our firm has been in the forefront of providing expert pay equity consulting and services to many sectors and clients, both small and large in Canada. We named this inaugural newsletter, Pay Equity Express, to show our commitment to providing timely and relevant information that is informative while distilling what is important so that we can bring value to your organization. Thank you for your continued support!



Staying Ahead of the Curve – Latest News on Federal Pay Equity

By Susan Tang, Senior Consultant

A recent report from the House of Commons Special on Pay Equity (ESPE) and subsequent media coverage identifies the growing focus on introducing pay equity solutions at the Federal level. It is important to note that the **current government has yet to share its views on any of these recommendations** which still needs to run its course through legislature.

The Special Committee's report dated June 2016, was entitled *Report 1 – It's Time to Act*. The report was presented to the House of Commons, and page 37 of the document is a summary of the 31 recommendations put forward by the committee. Many of these recommendations are somewhat similar to provincial requirements particularly in Ontario and Quebec. We have highlighted below some of the most significant recommendations:

- Repeal of the Public Sector Equitable Compensation Act (#1)
- Draft proactive Pay Equity legislation within 18 months(#2)
- Accept the overall direction and majority of the recommendations of the 2004 Federal Pay Equity Task Force report (#3)Establish a Pay Equity Commission and a Pay Equity Tribunal (#7)
- Give the Commission and Tribunal significant responsibility and authority, similar to Ontario and Quebec (#8, #10)
- Organizations with 100+ employees to establish a pay equity committee (#13)
- Requirement to potentially file regular declaration (similar to Quebec) (#27)
- Requirement to make maintenance reviews accessible to employees and provide a copy to the Pay Equity Commission every three years (#28)
- Compliance within 3 years of the legislation coming into force (#29)

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Welcome

To *Pay Equity Express*, our inaugural newsletter on pay equity issues & trends. If you have any questions regarding this content, please contact:

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Gallagher McDowall Associates is planning on hosting a special teleconference on Federal Pay Equity.

To register for this teleconference and to receive more details as they become available, please contact Lesley_Law@ajg.com.



Staying Ahead of the Curve – Latest News on Federal Pay Equity (continued from page 1)

Related media stories have surfaced indicating that the federal government prefers a proactive approach. Although a formal response is yet to be tabled, recent media coverage does give an indication of their thoughts and preliminary direction. There is also a **growing sense of urgency** to deal with an age old issue such as gender equality and the new government backed by the NDP have already demonstrated the importance of tackling such issues head on. Parliament is due to table a recommendation or response to the committee report on October 7th this year.

Here are the links to the Government of Canada site where the report can be found, in addition to recent press:

- <http://www.parl.gc.ca/Committees/en/ESPE>
- <https://www.thestar.com/news/canada/2016/08/08/proactive-approach-on-pay-equity-battles-more-effective-liberal-memo-says.html>
- http://www.huffingtonpost.ca/2016/08/08/feds-prefer-proactive-approach-to-pay-equity-legislation-memo-suggests_n_11394968.html
- <http://www.cbc.ca/news/politics/pay-equity-report-special-committee-1.3624307>

You can also find the full testimony online at:

- <http://www.parl.gc.ca/Committees/en/ESPE>
- <http://www.parl.gc.ca/Committees/en/ESPE/StudyActivity?studyActivityId=8827106>

Provincial Pay Equity Updates

By Mary Turan, Senior Consultant and Marianne Love, Senior Consultant

Ontario:

1. Paying “Interest” on monies owed to past and current employees:

When an Organization has an “open” file at the Ontario Pay Equity Commission, Review Services is now regularly instructing employers to add interest to any retroactive monies owing to past and current incumbents of the organization. This practice is different from earlier years during which time an employer would only be ordered to pay interest on retroactive pay equity obligations if an Order was issued by the Pay Equity Commission.

All the more reason for employers to actively maintain their pay equity files for all employee groups. Non-union/exempt/management employee group, unionized staff and staff associations require that a pay equity review be completed on a regular basis. Maintenance activities on the part of the employer should include yearly review of changed jobs, and a complete pay equity analysis for each employee group.

2. New Entity formed as a result of a Merger or Acquisition:

When an organization undergoes a significant organizational change such as M & A activities, it must ensure that pay equity is being maintained. In the case of an acquisition, it becomes the responsibility of the new “owner” to ensure that pay equity is maintained in the newly formed entity. Depending on when the previous owner conducted its last pay equity analysis exercise, retroactive monies may be owed by the purchasing organization to past and current employees.



Provincial Pay Equity Updates (continued from page 2)

3. Monitoring new businesses:

In 2015 the Pay Equity Office contacted select “new employers” covered by the Pay Equity Act. If a new company has been in business for a minimum of 3 years and employed 10 or more employees it may have been the recipient of one of 16,000 letters mailed out by the Pay Equity Office. In 2016, Review Services has commenced the process of monitoring many of these businesses that were included on the initial selection list.

Perhaps your organization has received a notification of an impending visit by a Review Officer? Organizations would be well advised not to ignore such notifications and to prepare for such a meeting.

Quebec:

1. What is the definition of “employer”?

The Quebec Pay Equity Act does not specifically define “employer”, and each NEQ (i.e., Quebec Enterprise Number) is not necessarily considered as a separate enterprise. Employers must consider the following when determining the Enterprise for pay equity purposes:

- The type of activities an organization performs/provides, and whether these activities fit and complement each other
- Where the element of overall organizational control resides, and the level of autonomous management
- Whether there is shared administration or support services
- The level and ease of mobility of employees between entities

From these considerations, an employer determines the autonomy of an organization for purposes of pay equity.

2. What are employer obligations for pay equity maintenance?

Every employer (with ten or more employees) has the obligation to report on pay equity compliance in their workplace. An employer must submit an “annual declaration” (“DEMES”) indicating the progress made in pay equity in the enterprise. Employers typically receive a letter from the Commission for the DEMES during the last month of their financial fiscal year and have six months to complete the DEMES. If the DEMES is not done by the due date, a reminder letter from the Commission will typically follow as a cautionary reminder to the organization to comply.

For employers who have completed the pay equity exercise, these employers are obligated to conduct a pay equity audit and posting every five years. In addition to the annual declaration (DEMES), those enterprise who completed their pay equity exercise or audit at December 31, 2010, the deadline for completing their next audit was by December 31, 2015 (or by March 31, 2016 for those who completed the initial exercise).

If your organization has not yet filed the required declaration or completed the required audit, it would be advisable to do so as soon as possible.

To learn more about pay equity maintenance activities or to have your questions answered about how to respond to a monitoring notification, please call Gallagher McDowall Associates at 416 644 6584.

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