

## Pay Equity – Still Here...and Here to Stay

By Lynn Brown, CHRP

We all did it. And then we tucked it in a drawer thinking, “well I’m glad that’s over with.” Actually it’s not. Pay Equity isn’t back it just never went away and the requirement to maintain your Pay Equity Plan is as real as ever.

Pay Equity came into effect in the late 1980s, with the mandate to promote equal pay for work of equal value. The purpose of Pay Equity was to ensure that jobs traditionally done by women were compensated fairly when compared with male jobs of “equal value.” Jobs were evaluated based on systems selected by employers but based on minimum guidelines provided by the Pay Equity Commission. If the “value” of the work performed was about the same, then those jobs that were primarily performed by women must be paid at least the same as those performed by men.

During the implementation of Pay Equity, private sector organizations were instructed to achieve Pay Equity based on their size. It was phased in over approximately a four-year period with the requirement that the final group affected post their Pay Equity Plans by January 1, 1993.

Pay Equity, however, was not just a one-time effort and the Act clearly states that Pay Equity must not only be achieved but must also be maintained.

As a first point, all public and private sector organizations with ten or more employees in Ontario are required to achieve Pay Equity. For the purposes of Pay Equity, “employees” include all full-time, part-time, contract and casual employees (with the exception being students working during their vacation period.)

Employers who have never achieved Pay Equity are required to do so. Furthermore, and depending upon when they were first required to achieve Pay Equity (again, based on the number of employees), will have to do retroactive adjustments. In some cases this could go as far back as January 1, 1991.

The good news is that maintaining your Pay Equity Plan does not have to be onerous. It can be done through your compensation system. Your salary administration practices should be consistent, fair and applied in a gender-neutral way. As you make changes to your compensation system to need

to monitor these adjustments for their Pay Equity implications. This would include changes to certain factors such as job values, job rates, male comparators and organizational structure. These modifications may require you to amend and possibly re-post you plan.

Significant changes in ownership such as a merger, sale, lease, transfer, acquisition or amalgamation will all affect your Pay Equity Plan. Depending upon the situation regarding the change in ownership, the existing plan may be appropriate or a new Plan may need to be prepared and posted if the existing ones no longer cover the job classes in the workplace. Any job rate adjustments are retroactive to the date of the sale. Unless otherwise specified in the merger or sale agreement, the purchaser is responsible for any Pay Equity requirements in the predecessor organization.

In order to ensure that organizations are maintaining their Plans, the Pay Equity Commission conduct company audits throughout the province. These audits are generally random—although particular industries are often targeted each year—or it can be triggered through an employee complaint.

If you are subject to an audit or an investigation based on a complaint, you will be required to show how you have maintained Pay Equity since it was first implemented in your firm. There is no statute of limitations on the Pay Equity Act, so keeping accurate records is good practice in case a complaint is brought forth. If you have not maintained your Plan you will be required to comply. Retroactive adjustments may be required and failure to comply may result in financial penalties.

So if your Plan is still tucked away, now is the time to dust it off and get your Pay Equity information up to date. Ensuring your Plan is maintained can certainly avoid more serious compliance issues down the road.

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