



# **PAY EQUITY FOR EMPLOYERS**

***It's Worth It!***

**THE  
PAY EQUITY  
COMMISSION**

An Electronic copy of this publication is found on the Pay Equity Commission's website at [www.payequity.gov.on.ca](http://www.payequity.gov.on.ca)

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## **What is the Pay Equity Act?**

The *Pay Equity Act (the Act)* requires employers to identify and correct gender discrimination that may be present in their compensation practices and to adjust the wages of employees in female job classes so that they are at least equal to the wages of employees in male job classes when they are found to be comparable in value based on skill, effort, responsibility and working conditions.

## **Why is the Act necessary?**

In Ontario, female workers receive, on average 28% less in wages than male workers, based on full-time, full year wages [2006 Statistics Canada]. Many factors affect the wage gap, including gender discrimination in the workplace.

The purpose of the Act is to redress gender discrimination in the compensation or pay of employees in female job classes.

## **Am I required to comply with the Act?**

If you are a public sector employer or a private sector employer with 10 or more employees, operating in Ontario, you are required to have compensation practices that provide for pay equity.

Full-time and part-time employees are covered, including employees who work on a seasonal basis. Students working during vacations, however, are not covered.

The Act does not cover employees who work in Ontario for the federal government or in an industry regulated by the federal government such as banks, airlines, post offices, and television and radio stations.

## **Is pay equity the same as equal pay for equal work?**

No. Equal pay for equal work means that if a man and a woman are doing the same work, they must receive the same pay (this comes under the Employment Standards Act). Pay equity compares jobs usually done by women with different jobs usually done by men.

## **How can you compare different jobs?**

Let's look at an example. In a workplace, the secretary job class may require different kinds and levels of physical effort and have very different types of working conditions than the custodian job class. There may also be different kinds and levels of responsibility, mental effort and skill for the two jobs classes. However, when these four factors are applied in a gender-neutral and consistent way to both job classes, the value of secretary job class may be the same or higher than the custodian job class. In this case, the law requires that the secretary job class be paid at least as much as the custodian job class.

## **How are women's jobs been undervalued?**

When compensating employees, certain aspects of work typically done by women are not often recognized. For example, compensation practices of employers sometimes:

- Overlook the manual skills needed by a word processing operator (female job class) but recognize and compensate the manual skills of a machinery repairman (male job class).
- Do not value the physical effort of continuous lifting of groceries by a cashier (female job class) but do value the physical effort of lifting product by a stockperson (male job class).
- Do not recognize the responsibility of caring for children by daycare workers (female job class) but do value the responsibility for looking after financial record-keeping by a bookkeeper (male job class).

## **How do I do pay equity?**

Jobs are grouped into job classes. Job classes consist of jobs that have similar recruitment practices, similar duties and responsibilities and have the same compensation schedule. These job classes are identified as female, male or gender neutral.

Job information is then collected about female and male job classes. Each job class is valued using the four factors required by law - skill, effort, responsibility and working conditions. Once all job classes are valued, female job classes are compared to male job classes and where the values are comparable, the job rate of the female job class must be at least equal to the job rate of the comparable male job class; if it is lower, the employer is required to adjust the job rate of the female job class.

## When do I have to do pay equity?

A private-sector employer starting a business after January 1, 1988, upon hiring its 10 employee, or a public sector employer starting after July 1, 1993, must have compensation practices that provide for pay equity on start-up and must maintain pay equity for the female job classes on an ongoing basis.

For private sector employers existing before January 1, 1988 and for public sector employers existing before July 1, 1993, the Act allowed a certain period of time for employers to bring their compensation practices into compliance and to spread out any adjustments found to be owing. Once compliance is achieved in either case, pay equity for the female job classes must be maintained.

**If you are an employer, pay equity is your responsibility.  
If you are a bargaining agent, you and the employer cannot bargain compensation practices that, if put into practice, would contravene the Act.**

## Who can file an application to the Commission?

- An Employer
- An Employee or group of employees or agent acting on behalf of employee (s)
- A Bargaining Agent representing an employee or group of employees
  - may complain at any time that there has been a contravention of the *Act* or of an Order issued by the Pay Equity Office or the Pay Equity Hearings Tribunal

**Note:** employees who have left a workplace do not lose their right to file a complaint at any time. Employees in male or gender-neutral job classes have no remedy under the Act.

## Will I know that an application has been filed with the Commission?

Employees may make a complaint on a confidential basis. An employee may bring an anonymous application by appointing an agent to represent him/her/them. The Employer is notified when the Commission commences the investigation.

**Note:** The Commission may conduct an investigation of an employer's compensation practices without an application being made by an employee.

Employers are prohibited from penalizing employees in any way for making complaints or for seeking pay equity.

## **What are the penalties if employers do not comply with the Act?**

There are financial penalties for employers or bargaining agents who interfere with the investigation of a pay equity complaint, or who intimidate or discriminate against anyone exercising their rights under the *Pay Equity Act*.

## **Why is Pay Equity “worth it”?**

- Pay equity may help bring about more objective pay practices.
- The process may increase understanding of the jobs within the organization and identify strengths, weaknesses, opportunities for improving productivity.
- Implementation may represent a first step towards a diversity strategy – may open eyes to other forms of discrimination that represent barriers to employee engagement.
- If employees and unions are part of the process, employees may gain a greater understanding of the total corporate structure and goals.

## **Where can I go for more information or help?**

The Pay Equity Commission is here to help you. We can address your questions by email: [pecinfo.pecinfo@ontario.ca](mailto:pecinfo.pecinfo@ontario.ca) or by telephone at 416-387-1896 or toll free 1-800-387-8813, TTY: 416-212-3991 or 1-855-253-8333.

We also offer free webinar training. Sign up at [pecseminars.pecseminars@ontario.ca](http://pecseminars.pecseminars@ontario.ca)

Our website contains detailed information about pay equity. Please go to: [www.payequity.gov.on.ca](http://www.payequity.gov.on.ca)