

Guideline # 1

Introduction

PAY EQUITY IMPLEMENTATION SERIES

The *Pay Equity Implementation Series* is designed to help employers, employees and bargaining agents to achieve pay equity and to understand their rights and obligations under the *Pay Equity Act*, R.S.O. 1990, c. P7, as amended (the *Act*). The series is published in a sequence that generally reflects the steps for implementing pay equity. (**Revised Summer 2002**).

Purpose of the guidelines

The Pay Equity Commission published the series of guidelines to:

- Clarify the responsibility of those involved with pay equity;
- Focus on all relevant sections of the *Pay Equity Act* regarding a particular issue;
- Provide some suggestions on "how to" options; and,
- Direct users to other relevant information such as the decisions of the Pay Equity Hearings Tribunal and educational material produced by the Commission.

These guidelines provide some examples and illustrations that may be followed when implementing pay equity. Employers and bargaining agents may consider other options consistent with the spirit and intent of the *Act*.

Note: Neither review officers of the Commission nor the Pay Equity Hearings Tribunal are restricted by these guidelines in determining whether pay equity is being or has been achieved in a manner consistent with the *Act*.

Overview of Pay Equity

Pay equity is equal pay for work of equal or comparable value. The *Pay Equity Act* was made law to narrow the portion of the wage gap that exists between women's and men's wages that was due to the undervaluing of work traditionally done by women.

The law requires the *value* of jobs usually done by women be compared to the *value* of jobs usually done by men. Female jobs, which are found to be of equal or comparable value to male jobs, must be paid at least the same.

The original *Pay Equity Act* was passed in 1987 and became effective on January 1, 1988. Amendments to the legislation were added on July 1, 1993, 1996 and 1997. The *Pay Equity Act*, R.S.O. 1990, c. P 7, as amended (the *Act*), assumes the following:

- Achieving pay equity is accomplished through a self-managed process or, in union workplaces, a negotiated process.
- Jobs performed predominantly by women are the focus. The content of jobs is compared, not the performance of the people doing the jobs.
- Jobs with similar duties and responsibilities, similar qualifications and recruiting procedures and the **same** compensation, are grouped into job classes.
- Job classes are identified as male, female, or gender neutral on the basis of current and historical incumbency and gender stereotypical fields of work.
- Female job classes are compared to male job classes using the factors of skill, effort, responsibility and working conditions.
- The employer, and in union workplaces, with the bargaining agent, must define these four factors in a manner that does not favour men's jobs over women's jobs.
- All female job classes and potential male job classes of equal or comparable value (male comparators) are evaluated in a gender neutral way.
- If a female job class is found to be of equal or comparable value to a higher-paid male job class, then the female job class must be paid at least the same.
- If a female job class cannot be directly compared to a male job class of equal or comparable value or one that has a lower value but is more highly paid, an indirect comparison method (proportional value) must be applied to determine if pay equity exists for the female job class.
- Public sector employers who cannot achieve pay equity using either the job-to-job or proportional value comparison method and who had employees on July 1, 1993 must do proxy comparisons.
- No employee's pay can be lowered to achieve pay equity.
- All employees working in female job classes will receive pay equity adjustments if their job class was found to be lower paid than the male comparator.
- The *Act* does not affect the compensation of male and gender neutral job classes.

When implementing pay equity employers, and in union workplaces, with the bargaining agent, will:

- Define the factors of skill, effort, responsibility and working conditions.
- Select a gender-neutral job comparison method.
- Determine the results of job evaluation.
- Assess the extent of pay inequities, if any.
- Determine how pay equity adjustments will be distributed as of each Jan. 1st.
- Maintain pay equity after implementation.

List of guidelines

In the revised *Pay Equity Implementation Series*, there are 16 guidelines:

- Guideline #1: Introduction
- Guideline #2: Determination of Employer and Employee
- Guideline #3: Pay Equity Posting and Achievement Dates for Private Sector Employers
- Guideline #4: Definition of Establishment
- Guideline #5: Determining Job Class
- Guideline #6: Using the "Group of Jobs" Approach
- Guideline #7: Determining the Gender Predominance of Job Classes
- Guideline #8: Disclosing Information
- Guideline #9: Gender Neutral Job Comparison
- Guideline #10: Which Job Classes to Compare
- Guideline #11: Determining Job Rate
- Guideline #12: Permissible Differences in Compensation
- Guideline #13: Pay Equity Adjustments
- Guideline #14: Pay Equity Plans
- Guideline #15: Dispute Resolution I - Review Services
- Guideline #16: Dispute Resolution II - Pay Equity Hearings Tribunal

Format of guidelines

Each guideline provides information under five headings:

- **Significance:** Highlights why the guideline may be important to the reader to determine whether they need to read further.
- **Explanation:** Explains and illustrates how to comply with the *Act*. It also draws on all the sections of the *Act* dealing with a particular issue.
- **Relevant Sections in the Act:** Compiles all the sections of the *Act* relevant to the specific guideline.
- **References:** Refers to sections in the *Act* other than the ones being discussed directly, or to other documents. Where appropriate, additional reading material is also listed.
- **For More Information:** Provides the address and phone numbers of the Pay Equity Commission.

For More Information:

We are here to help. We can answer your questions by e-mail at <mailto:pecinfo@ontario.ca> or by phone at (416) 314-1896, or toll-free at 1-800-387-8813. You can also register for a free seminar. Visit our website at <http://www.payequity.gov.on.ca/peo/english/seminar.html>

All communications are confidential.

The Pay Equity Commission

This fact sheet is for information only, and is not intended to restrict Review Officers or the Pay Equity Hearings Tribunal in their determination of matters. Refer to the *Pay Equity Act* for exact interpretation.

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