

COMPLIANCE SELF-AUDIT

Checklist and Responses – *private sector*

DISCLAIMER: *This checklist and response guide is designed to assist employers in determining levels of compliance with the Pay Equity Act. It is not intended to, nor can it be used, to restrict Review Officers or the Pay Equity Hearings Tribunal in their determination of matters.*

1. Posting a pay equity plan and/or achieving pay equity

1.1 Has your company posted a pay equity plan and/or achieved pay equity?

Yes Not Sure No

1.2 If yes, what was the effective date of compliance? _____

Note: If you responded yes, you will be asked to provide supporting documentation. In the meantime, please complete the rest of this questionnaire if you answered no or not sure. Please complete as many questions as possible. A response sheet has been provided to assist you in understanding the pay equity process.

2. Pay Equity Obligations – Effective Date

2.1 How many employees did you have in Ontario in 1987?

- a) 500 or more
- b) 100 to 499
- c) 50 to 99
- d) 10 to 49
- e) Fewer than 10
- f) This company did not exist in 1987

2.2 If you answered e) to question #1, but now have 10 or more employees,

- g) On what date did you hire your 10th employee? _____ or
- h) This business does not have/never has had more than 9 employees.

2.3 If you answered f) to question #1, on what date were you first operating in Ontario with more than 9 employees? _____

2.4 Has your present business been involved in a purchase, sale, merger or transfer of all or part of another business in Ontario?

If yes, when did this/these events take place? _____

3. Establishments

3.1 How many sites do you operate in Ontario? _____

- 3.2 In which municipalities do you have employees? _____

- 3.3 How many bargaining units represent employees throughout the organization? _____
- 3.4 Name each of the bargaining units: _____

4. Job Classes and Gender Predominance

4.1 Have you identified all the job classes throughout the organization?

Yes No

4.2 Do all of the positions in each of the above noted job classes

- | | | | | | |
|------|---|-----|--------------------------|----|--------------------------|
| i) | Have similar duties and responsibilities? | Yes | <input type="checkbox"/> | No | <input type="checkbox"/> |
| ii) | Require similar qualifications? | Yes | <input type="checkbox"/> | No | <input type="checkbox"/> |
| iii) | Get recruited in a similar manner? | Yes | <input type="checkbox"/> | No | <input type="checkbox"/> |
| iv) | Share the same compensation schedule, salary grade, or range of salary rates? | Yes | <input type="checkbox"/> | No | <input type="checkbox"/> |

4.3 If the answer to 4.2 iv) is yes, please describe the compensation system

4.4 Have you identified the gender predominance of the job classes in each of your establishments?

Yes No

4.5 In determining the gender predominance of the job classes did you consider:

- | | | | | |
|-----------------------------------|-----|--------------------------|----|--------------------------|
| The current incumbency | Yes | <input type="checkbox"/> | No | <input type="checkbox"/> |
| The incumbency in 1987 | Yes | <input type="checkbox"/> | No | <input type="checkbox"/> |
| The historical incumbency | Yes | <input type="checkbox"/> | No | <input type="checkbox"/> |
| The gender stereotype of the work | Yes | <input type="checkbox"/> | No | <input type="checkbox"/> |

4.6 Are there any female job classes in each or any of your establishments?

Yes No

4.7 Please list the job classes in your establishments according to gender predominance:

Female Job Classes

Male Job Classes

Gender Neutral Job Classes

5. Job Comparisons

5.1 Did your company complete pay equity job comparisons?

Yes No

5.2 Were the comparisons based on:

- Skill Physical Effort Mental Effort
- Degree of Responsibility Work Hazards
- Work Environment

5.3 Were other factors considered in undertaking the comparisons? Please briefly explain.

5.4 Was a male comparator selected for any female job classes in each establishment?

If so, please list the job-to-job comparisons:

Female Job Class	Male Comparator
<hr/>	<hr/>
<hr/>	<hr/>
<hr/>	<hr/>
<hr/>	<hr/>
<hr/>	<hr/>

5.5 Were there any female job classes for which there were no male job classes of equal or comparable value?

Yes No

5.6 Were pay equity comparisons made for those unmatched female job classes using the proportional value method of comparison?

Yes No

5.7 If proportional value methods were used, please describe the methodology used and identify the representative job class or group of representative job classes used for proportional value purposes.

6. Job Rate Comparisons

6.1 Were any pay equity adjustments required as a result of the pay equity process undertaken?

Yes No

If so, please indicate which female job classes received adjustments, their male comparator (if job-to-job comparisons were used) the amounts of the adjustments paid, and the period to which the adjustments were required. An example is provided for your assistance.

Example:

Female Job Class	Male Comparator (If Applicable)	Adjustment	Period of Adjustment
Payroll Administrator	I.T. Associate	\$0.53	1998-2000
		\$0.61	2000-2003
Purchasing Agent	Proportional Value	\$1.10	1999-Present

6.2 Where pay equity adjustments were paid, did all incumbents in each of the job classes for which a pay equity adjustment was required receive the adjustment?

Yes No

6.3 Were retroactive calculations undertaken?

Yes No Not required (pay equity was in place as of the date required by the *Pay Equity Act*)

If yes, to what date were the retroactive calculations done?

6.4 Are there any incumbents in female job classes who are currently earning less than the incumbents in their male comparator job classes?

Yes No

If yes, please explain why.

7. Maintenance

7.1 Does your company undertake any kind of process to ensure that pay equity is maintained?

Yes No

If yes, please describe:

Response Guide:

1. Posting a pay equity plan and/or achieving pay equity

The number of employees in Ontario in 1987 identifies the date at which pay equity plans were required to be posted and when any pay equity adjustments were to be started and/or completed.

2. Pay Equity Obligations – Effective Date

2.1 a) If your company had 500 or more employees in Ontario, it was required to post a pay equity plan on January 1, 1990, and to begin paying adjustments on January 1, 1991.

2.1 b) If your company had 100 to 499 employees in Ontario, it was required to post a pay equity plan on January 1, 1991, and to begin paying adjustments on January 1, 1992.

2.1 c) If your company had 50 to 99 employees in Ontario, and posted a pay equity plan on or by January 1, 1992, it would have had to begin paying adjustments on January 1, 1993.

If your company had 50 to 99 employees in Ontario and did not post a pay equity plan, it would have had to achieve pay equity on January 1, 1993.

2.1 d) If your company had 10 to 49 employees in Ontario, and posted a pay equity plan on or by January 1, 1993, it would have had to begin paying adjustments on January 1, 1994.

If your company had 10 to 49 employees in Ontario and did not post a pay equity plan, it would have had to achieve pay equity on January 1, 1994.

2.1 e) If your company had fewer than 10 employees in Ontario in 1987, but subsequently hired its 10th employee, it would have been required to achieve pay equity effective the date the 10th employee was hired. If your company has not yet hired its 10th employee, it need not worry about the provisions of the *Pay Equity Act* until such time as a 10th employee is hired.

2.2 See answer for 2.1 e).

2.2.1 Companies that begin operations or hire their 10th (or more) employee in Ontario after January 1, 1988 must achieve pay equity as of the date that the 10th employee is hired, whether this is the start-up date or a subsequent date.

2.4 Where business sales and transfers occur after a pay equity plan has been posted, affected must determine whether each plan is still appropriate for the female job classes in the new or changed establishments. If there are changes that result in a plan no longer being appropriate for the job classes covered by the plan, the employer, whether it is the seller or the purchaser, must develop a new pay equity plan.

3. Establishments

An establishment is all the employees of an employer who work in a geographic division. A geographic division is a county, territorial district or regional municipality described in the *Territorial Division Act*. An employer can decide, or where there is a bargaining agent, the parties can agree that an establishment include employees in two or more geographic divisions.

Where pay equity plans are prepared, a pay equity plan is required for each bargaining unit and one for all non-union employees in an employer's establishment.

- 3.1 Each site in a single geographic area can be an establishment. Alternatively, an employer may group one or more establishments into a single pay equity plan.

4. Job Classes and Gender Predominance

The identification of job classes and their gender predominance establishes the foundation for undertaking any pay equity analysis – even in small workplaces.

- 4.1 The process for identifying job classes requires some analysis to determine whether positions are properly classed as a group or individually and begins with a review of the type of work performed, and the application of the criteria set out in the *Pay Equity Act*, as discussed in questions 3.2, 3.3, and 3.4.

4.2 and 4.3

A job class consists of those positions which share similar duties and responsibilities, similar qualifications, similar recruitment, and the same compensation schedule, salary grade, or range of salary rates.

The most complicated criteria for grouping positions into job classes is that requiring the same compensation schedule, salary grade or range of salary rates. Where there are single rates of pay associated with a job class, or where there is a formal salary range, which can be shown to apply consistently to all incumbents who fit the first three criteria for “job class”, a job class might reasonably be shown to exist. Where compensation for different positions, which would otherwise constitute a job class, is not tied to a formal or operational range, it is likely that those positions will not all be in the same job class.

- 4.4 Once job classes are identified, their gender predominance must be identified. Every job class in every establishment will have a gender predominance
- 4.5 Gender predominance is based on the current and historical population of a job and the stereotype of the work performed. An employer must make a reasonable determination in applying the above criteria. A job in which 60% or more of the incumbents are female is most likely to be considered a female job class, and a job class in which 70% or more of the employees are male is most likely to be considered a male job class. In considering the gender stereotyping of a job, think about whether one is most likely to find a man, woman or an equal mix of men and women performing the type of work of the job class. Job classes fitting neither of the above criteria are likely to be gender-neutral job classes. Identification of gender predominance is not based on hiring policies, that is, it is not sufficient to determine that a job class is neither female dominated nor male dominated because an employer would hire women or men into a position.
- 4.6 If you have determined that there are no female job classes in your establishment, and 1) if that determination is defensible with respect to the definitions of “female job class”, “male job class” and “gender neutral job class” in the *Pay Equity Act*, and 2) if that determination is shared by the bargaining agent, if any, representing the job class in question, then no further comparisons are required until such time as a female job class is created within the establishment.
- If you have determined that there are one or more female job classes in the establishment, then pay equity must be achieved for each female job class in the establishment.
- 4.7 These lists will assist you in determining those female job classes for whom pay equity must be achieved, and the male job classes, which may be used for purposes of comparison.

5. Job Comparisons

- 5.1 The *Pay Equity Act* requires all employers to whom it applies to undertake comparisons of the value of work performed in female job classes in the establishments to that undertaken in male job classes within the establishment, and to ensure that compensation paid to employees in female job classes is the same as that paid to their male comparators.
- 5.2 Pay equity job comparisons must be made using a gender-neutral comparison system, which measures the skill, effort, and responsibility required in the job classes, and the conditions under which the work is performed. The factors of skill, effort, responsibility, and working conditions may be defined in such a way as is appropriate to the workplace.
- 5.3 Factors that have no bearing on the skills required to perform the work in a job class, the effort and responsibilities required by the job, and the conditions under which the job is performed are not relevant for pay equity comparisons. Market forces are not relevant to the pay equity comparison process, nor are individual characteristics of specific employees.

5.4 to 5.6

The *Pay Equity Act* requires, where it is not possible to make a job-to-job comparison for any female job class in the establishment that a comparison be made to a representative male job class, or group of representative male job classes using a proportional value method of comparison.

6. Job Rate Comparisons

- 6.1 Pay equity adjustments are required for all female job classes, which have a lower job rate than that of their male or proportional value comparator. Once all female job classes have the same job rate as their comparators, pay equity is achieved.

Employers who were required to post pay equity plans were able to phase in adjustments at the equivalent of one percent of the previous year's payroll. The phase-in of adjustments was required to begin in 1991, for those employers that had more than 500 employees in Ontario on the effective date, and in 1992, for those employers with between 100 and 499 employees in Ontario on the effective date. Employers with fewer than 100 employees on the effective date could choose to post a pay equity plan and phase in pay equity adjustments, beginning in 1993 for employers with 50 to 99 employees, and 1994 for employers with 10 to 49 employees. If these employers did not post a pay equity plan, they had to achieve pay equity effective January 1, 1993, and January 1, 1994, respectively.

- 6.2 The *Pay Equity Act* requires that pay equity adjustments must be calculated on the basis of the difference in the job rates of the female job class and its male or proportional value comparator. Once that amount is identified, each incumbent in the female job class is to receive the same adjustment in dollar terms. This maintains the differences paid to employees in the female job class.
- 6.3 The *Pay Equity Act* sets out the dates at which employers were to have posted plans or achieved pay equity. Employers who missed these dates are required to comply retroactively. Refer to the explanation for question 6.1 for the required posting or achievement dates.
- 6.4 The only reason that incumbents in male job classes should be earning more than those in the female job classes for which they are comparators are those flowing from question 6.3. Any other such inequities would be a violation of the *Pay Equity Act*, unless they are covered as a "permissible difference".

The *Pay Equity Act* allows some differences in pay between incumbents in female job classes and incumbents in the male comparator job class where the employer can demonstrate that the reason for the difference falls within the permissible difference parameters. The *only* permissible differences allowed by the *Act* are:

- A formal seniority system that does not discriminate on the basis of gender;
- A temporary employee training or development assignment that is equally available to male and female employees and that leads to career advancement for those involved in the program;
- A merit compensation plan that is based on formal performance ratings and that has been brought to the attention of the employees and that does not discriminate on the basis of gender;
- The personnel practice known as red-circling, where, based on a gender neutral re-evaluation process, the value of a position has been downgraded and the compensation of the incumbent employee has been frozen or his or her increases in compensation have been curtailed until the compensation payable to the incumbent; or
- A skills shortage that is causing a temporary inflation in compensation because the employer is encountering difficulties in recruiting employees with the requisite skills for positions in the job class.

7. Maintenance

7.1 The *Pay Equity Act* requires employers to achieve and maintain compensation practices, which provide for pay equity. The principles of pay equity require that:

- a) Once a pay equity comparison is complete, incumbents in every female job class must receive the same dollar or percentage increases as are provided those in the male comparator job class.
- b) Pay equity comparisons must be made for new female job classes using the same comparison system as had been used for other job classes in the establishment.