



Is Your Business Growing?

Make Sure You're Compliant With Pay Equity Obligations

February 2023

Employers with 10 or more employees in Ontario are required to preserve pay equity in accordance with the *Ontario Pay Equity Act*, RSO 1990, c P7 (“**PEA**”). When many American or international companies first expand into Canada, their operations are small enough that the PEA often does not apply. However, as they grow, companies should be aware of their pay equity obligations.

Pay equity is not about equal pay for equal work in the traditional sense of a woman and a man being paid the same wage for the same job. Instead, it focuses on whether traditionally female jobs are being paid the same as traditionally male jobs of equal value. Implementing pay equity is a four-step process. First, employers must identify the job classes within the establishment, including the gender and job rate of each class. Second, they must ascribe the value of each job class based on skill, effort, responsibility and working conditions. Third, they must compare all female job classes by using the prescribed methodology of compensation. Finally, if female job classes are underpaid, their wages must be adjusted to eliminate that gap.

Once pay equity is achieved, it is important that employers work actively to maintain it, especially as jobs are added or eliminated. There are penalties for failure to comply, including back payments to make up for past inequity and fines if there is wilful disregard of the rules. When there is a failure to abide with pay equity obligations, the rectification process can be onerous. Pay equity compliance is fairly straightforward to achieve at the onset, but can be difficult to remedy after non-compliance has already occurred.

If your business has 10 or more employees, but has not yet assessed or implemented pay equity, you should act quickly to ensure that you are complying with the PEA. The Aird & Berlis Workplace Law Group regularly assists employers of all sizes with their pay equity compliance. If you have any questions about the process or need assistance, we are standing by to help.

Disclaimer: This article offers general comments on legal developments of concern to business organizations and individuals and is not intended to provide legal advice. Readers should seek professional legal advice on the particular issues that concern them.

Contacts



Fiona Brown

Partner

T 416.865.3078

E fbrown@airdberlis.com

Fiona has extensive experience advising international businesses entering the Canadian market. To date, she has advised more than 100 companies expanding into Canada. Fiona advises clients in this space all day, every day. She has been practising for more than a decade and is a regular speaker and writer on market expansion matters. Fiona is proud to have been recognized by *The Best Lawyers in Canada*, *The Canadian Legal Lexpert Directory* and *Benchmark Canada*.

A proactive and comprehensive approach is required to succeed in a new market. Fiona manages teams of other lawyers and patent agents to provide her clients with a full range of legal services to help their businesses grow. She acts as project manager to ensure her clients receive seamless legal services in all relevant areas.

Fiona takes great care to understand her clients' businesses and deliver advice that is tailored to meeting their specific needs. Her responsiveness, dedication to clear communication and hands-on approach show that she is personally invested in the success of her clients.