

Pay Equity: Will your Business be Ready in Time?

By Dominique L. L'Heureux

Since November 21, 1997,¹ the *Pay Equity Act* (S.Q. 1996, chapter 43) has imposed a series of new legal obligations on employers in Quebec with ten or more employees.

The scope of these obligations varies depending on which of the three classes of "enterprise" created by the Act a business belongs to. We summarize these obligations as follows:

- An enterprise employing one hundred (100) or more employees must establish a **pay equity plan** and enable the employees to take part in establishing this plan by setting up a **pay equity committee**.
- An enterprise with fifty (50) or more employees but less than one hundred (100) must also establish a pay equity plan, but is not required to set up a committee.
- An enterprise with ten (10) or more employees but less than fifty (50) must **determine the adjustments in compensation** required to afford the same remuneration, for work of equal value, to employees holding positions respectively in predominantly female and male job classes.



However, regardless of the class of enterprise in question, the *Pay Equity Act* provides that the pay equity plans, or the determination of the adjustments in compensation required, must be completed before **November 21, 2001**. Once this deadline is reached, an employer whose enterprise commenced operations prior to November 21, 1996

must pay the first adjustments in compensation, which may be spread over a maximum period of four years. It is also important to recall that if an employer fails to pay the adjustments in compensation by the applicable deadlines, the Act provides that these adjustments bear interest at the legal rate from the date on which they should have been paid.

The importance of the pay equity process in terms of the time frame and financial and human resources largely depends not only on the size of the enterprise but also on its past practice, particularly with regard to the internal equity and the existing tools for determining job value.

To date, experience has shown that numerous Quebec businesses have gotten off to a good start in the pay equity process, and that they will be ready to face the constraints imposed by the Act. However, experience also shows that, until now, some employers have not invested sufficient effort or resources into the pay equity process.

Will your business be ready in time?

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¹ The provisions of the Act relating to the establishment of the *Commission de l'équité salariale* have been in force since November 21, 1996.

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