

## Staff Report

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**Report To:** Corporate Services Committee  
**Report From:** Janet Ashfield, Manager of Human Resources  
**Meeting Date:** October 9, 2025  
**Report Code:** CR-25-046  
**Subject:** Pay and Compensation Compliance

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### Recommendations:

THAT in consideration of Staff Report CR-25-046 respecting Pay and Compensation Compliance, the Corporate Services Committee recommends that City Council receive the report for information purposes.

### Highlights:

- The City is regulated under the Employments Standards Act and the Pay Equity Act regarding standards of pay.
- To ensure attraction and retention of staff, it is important to consider equity with comparators who may be hiring staff similar to those the City is recruiting for – otherwise known as External Equity.
- A component of pay equity, when expanded to all jobs is the comparability of jobs determined through a formal job evaluation program, i.e., Internal Equity.

### Strategic Plan Alignment:

[Strategic Plan](#) Priority: Service Excellence. The pay structures and rates paid to staff need to be considered in accordance with the City's obligations in accordance with legislation, but also in terms of attraction, retention and engagement of staff who do the work.

## **Climate and Environmental Implications:**

There are no anticipated climate or environmental impacts.

## **Previous Report/Authority:**

Service Review Ad-Hoc Committee, Closed Session CR-24-094 Projects 1c2, 1c3 and 1c4 – HR Market Reviews Update October 9, 2024

## **Background:**

During the Service Review project related to HR Market Reviews (1c2, 1c3 and 1c4), a request was made to bring forward a report that provided clarity about the City's obligations regarding Internal Equity, External Equity and Pay Equity.

## **Analysis:**

The amount the City pays its employees is governed by two pieces of legislation. One is the *Employment Standards Act* which sets out the minimum hourly rates that must be paid to employees and mandates the principle of Equal Pay for Equal Work, requiring that employees performing identical tasks receive the same compensation.

The second is the *Pay Equity Act*. The *Pay Equity Act* exists to ensure gender pay parity by stipulating that women are compensated equally to men for work of comparable value. Comparable work is assessed based on the skill, effort, responsibility and working conditions of a job typically measured through a job evaluation system. This system classifies jobs into categories, ensuring female job classes are compensated equally or better than male job classes of similar value. Guidelines differentiate between male, female, and gender-neutral job classes, considering incumbency trends and societal norms. For example, a nurse has typically been considered a female job class, while a public works job has typically been considered a male job class. This legislation was implemented to close the gender wage gap.

Many organizations extend the principles of Pay Equity into broader frameworks of Internal Equity. Internal Equity uses a gender-neutral evaluation system that groups jobs by similar value across the four Pay Equity factors. It establishes salary bands where all positions within a band receive equivalent compensation. The implementation of Internal Equity supports Pay Equity through ongoing job evaluations ensuring consistent

compensation across all gender job classes based on their organizational value.

While internal equity is determined through the evaluation and comparison of jobs within the organization, external equity considers the pay that is paid to similar jobs at comparator organizations defined by market competition, organizational size and complexity. It ensures the establishment of competitive pay aligned with market standards to attract and retain talent. External consultants typically gather and analyze this data to provide objective market comparisons based on job responsibilities rather than titles. A pay line, derived through regression analysis, informs necessary adjustments to salary bands and not individual jobs.

In all cases above, staff are considering the job duties and responsibilities and not the performance of the person doing the job.

By addressing both internal and external equity, the City not only meets statutory obligations but also aligns with market standards, thereby enhancing its ability to attract and retain qualified staff. This dual approach ensures that compensation is fair, competitive, and consistent with the value each role brings to the organization.

### **Financial Implications:**

N/A

### **Communication Strategy:**

This report will be shared with Council and staff as appropriate to support the education related to compensation and pay structures.

### **Consultation:**

N/A

### **Attachments:**

N/A

### **Recommended by:**

Janet Ashfield, Manager of Human Resources

Kate Allan, Director of Corporate Services

**Submission approved by:**

Tim Simmonds, City Manager

For more information on this report, please contact Janet Ashfield at [jashfield@owensound.ca](mailto:jashfield@owensound.ca) or 519-376-4440 extension 1214.