

## PRESIDENT'S MESSAGE

Dear GTARA Members (past and present and potential)

Welcome to our first newsletter of 2011. As the snow melts away, and the trees start to bud, so does the 2011 calendar of events for the GTA Rewards Association. Hopefully you have had a chance to attend one of our breakfast or lunch learning seminars. If you did not, May and June events will soon be open for registration – keep your eye out for the e-mail invites or check the website at any time.

*WorldatWork* certification courses are up and running. The most recent course was hosted by Canadian Tire Corporation. Upcoming courses will be hosted by Towers Watson (May), Humber College (June) Manulife Financial (July) and Aon Hewitt (September). Thank you to all our host companies.

As you may recall in July, 2010 the Association moved to a new membership format. All memberships now run from July 1 to June 30. This membership structure is all inclusive, and will give you access to free learning seminars (on a first-come basis), *WorldatWork* course discounts, and other negotiated discounts.

For the 2011-12 year, members can renew anytime between May 1 and Jun 30. New members (or previous members who have let their membership lapse) can also register anytime from May 1, 2011 and their membership will be effective immediately upon their registration date and extend to June 30-, 2012. Sign up before May 15th and you'll be able to attend the May and June events at no additional cost.

By now, members will have received and, hopefully, completed a membership survey. The information gathered will help us better understand your needs and to direct our energies accordingly. Stay tuned for our calendar of events for the remainder of 2011 and into 2012.

The GTA Rewards Association is managed totally by volunteers. We are always interested in hearing from individuals who'd like to volunteer some of their time in the various aspects of the Association. If interested, please speak with any one of the Board members or send us an e-mail to [communications@gtarewards.ca](mailto:communications@gtarewards.ca).

And, speaking of volunteers, I want to take this opportunity to welcome Nadia Cerisano as our VP Membership and Larry Moate as our VP Education. They have worked hard with our current incumbents to transition these portfolios and ensure no service interruptions to our membership. I also want to thank our VP Communications, Eileen Collins, her team of Volunteers and, the article contributors for preparing our first newsletter of 2011.

I look forward to seeing you at our events and of hearing from you with feedback through our survey or directly by e-mail to [president@gtarewards.ca](mailto:president@gtarewards.ca).

Domenico D'Alessandro  
President



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## Linking Diversity to Pay Equity: Part of an Emerging Governance Model?

By Mary Turan, Susan Tang and Liz Wright  
MacDowell & Associates

*“Change doesn’t just happen. Everyone has a role to play in levelling the field for women and advancing top talent.”*

*“When our economy (and your firm) can reap the benefits of our national’s diverse talent, everyone wins – men, women and business”*

### Changing Perspectives

Much has already been written on why Diversity is becoming a critical Talent Management strategy in today’s rapidly changing business world. With socio-demographic changes just around the corner, companies are starting to realize the importance of sustaining their talent pipeline. Future talent shortages have given rise to encouraging an “all hands on deck” approach covering all segments of the working population including the increasing reliance on women to fill the skill shortages.

Over the past few decades, female workplace participation has grown significantly in comparison to their male counterparts. According to Stats Canada, women in the workforce have grown from a 42% participation rate in 1976 to 63% in 2007 while men have continued to hover around the 65% to 70% plus participation rate over the last 30 years. The increase in female participation rate has changed the workplace landscape with increasing pressure to equal the playing field as well as optimizing the potential benefits from resulting productivity gains whether from a national or corporate perspective.

If female labour force participation and employment rates plus average incomes equalled those of males born in Canada, personal incomes would be some \$168 billion higher!\* (\*Diversity Advantage: A Case for Canada’s 21 Century Economy—RBC Financial Group) This type of contribution could significantly impact Canada’s productivity and bottom line. Therefore, there are economic as well as business reasons to encourage women’s continued participation in the workforce as well as closing the current wage gaps.

Historically, the notion of existing gender wage gaps has been anchored in equality and the right to equal pay for work of equal or comparable value. It is a fundamental right that is well known from a regulatory and compliance perspective. In addition to these historical values, there are now changing perspectives to understand the value of equalling the playing field for women from economic and business reasons.

### Linkages with Talent Management and Diversity

In the last few years, a number of Corporate Canada leaders have focused on gender diversity as a cornerstone of their talent strategy as well as satisfying employment equity requirements. This year’s CEO of the Year, Ed Clark, president and CEO of TD Financial has stated that adopting a Diversity perspective is not about favouritism but is “about removing explicit and implicit barriers, levelling the playing field so that everybody gets to play and they get to play at their best.” By their very nature, diversity programs encourage social equality but as importantly, point to the need for successful firms in the future to adopt a diversity agenda to cope with labour shortages.

If women are encouraged to seek and remain gainfully employed, increasing pressure on re-dressing current wage gaps will continue especially since women are becoming a predominant share of the

current and future workforces. Given recent legislative changes on pay equity in Quebec and recent steps taken by the Pay Equity Commission in Ontario (see section below entitled “Hot off the Press”), it would appear that governments are becoming more proactive in promoting the need for compliance. Also, the Quebec government recently launched an advertising blitz urging eligible workers to file pay equity complaints before May 30, 2011. (The Gazette, January 19th, 2011, “Ads push pay equity”)

### Becoming Pay Equity Compliant

The objective of any Pay Equity legislation is to address the systemic discrimination that contributes to the compensation gap between jobs that have traditionally or historically have dominated by female workers and may have been undervalued and therefore, underpaid. The process involves testing for “equal pay for work of equal value or comparable value”, through a systematic job evaluation process that establishes the relative value of jobs within an organization. Ontario and Quebec Pay Equity have the same mandates but with differing requirements and it’s important to take these into consideration. Both provinces require that job evaluation plans need to measure four main factors: skill, effort, responsibility and working conditions. Job Evaluation systems need to be gender neutral meaning that it must be structured and applied in a gender neutral way. A trained team of evaluators or an evaluator applies the system in the workplace.

***A job levelling process based on salary market data alone would not be considered to be Pay Equity compliant since it replicates existing historical gender bias in the marketplace.***

(cont’d next page)

**Key Considerations in Pay Equity Analysis & Maintenance**

Significant analysis forms part of the process as set out in the legislation (Ontario and Quebec), which includes the following steps:

1. Identify male and female dominated job comparators—consideration includes current gender composition in a job, historical and stereotypical incumbency.
2. Determine the value of jobs, using a gender-neutral evaluation system and the criteria specified in the legislation.
3. Compare male and female dominated jobs and identify any wage

**Rewards Provided for Your Feedback & Suggestions**

Welcome to the re-launch of the GTA Rewards Association Newsletter. We hope that you find the newsletter interesting and informative.

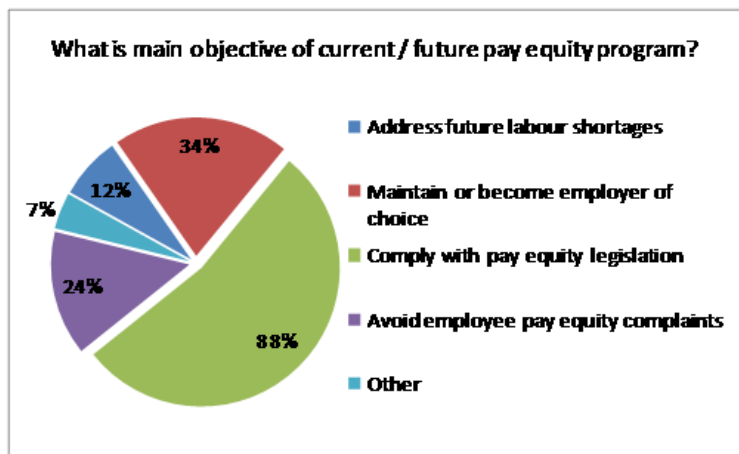
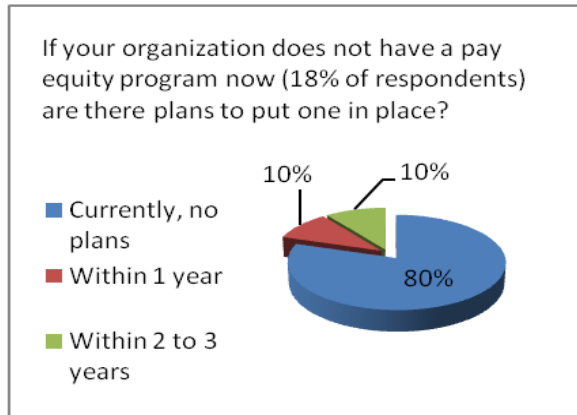
We would like your feedback on the content and format of this newsletter. To encourage your input, from the names of those who send in their feedback, we will conduct a random **draw for five \$20 gift certificates**. So read on and, when you finish, send your feedback and/or suggestions via e-mail to [communications@gtarewards.ca](mailto:communications@gtarewards.ca).

To qualify for the draw, you must provide your input by no later than May 2, 2011.

And, of course, if you'd like to make a contribution to the content for one our future editions, we'd really like to hear from you.

**GTA Flash Survey Results on Pay Equity Programs**

Thank you to those of you who participated in the recent GTA Flash Survey. We will continue to send out these short surveys on topics of the day and to include the results in future newsletters



## Rewards and Incentive Compensation Tax Implications for Business Travelers

Vic Arora, CA

Blackspar Corporation

The title of this article may sound a bit strange: There are tax implications in respect of rewards and incentive compensation when an employee is traveling on business?

For global mobility managers with employees working on assignment across borders, the issues of cross border tax implications for rewards and incentive compensation are well documented. But, now, these same issues are bleeding over to include employees traveling on business trips of a shorter duration.

In Canada, the United States, and beyond, there has always been a requirement for employers and employees to comply with compensation reporting and taxation regulations in respect of employment income earned by non-residents (i.e. employees traveling to the country for business purposes). For many places around the globe, this requirement is actually in place from the first dollar of income earned by an employee. In the past, these regulations were largely unenforced by tax authorities. Today, however, audit and regulatory bodies around the globe have become increasingly vigilant about enforcing compliance by non-resident employers and employees. For example:

Currently, the Canada Revenue Agency, while performing transfer pricing and payroll reviews, has adopted regular cross checks to ensure proper payroll processing for all cross border travel, irrespective of the length of time spent by an employee in Canada.

“While global requirements for non-resident employers and employees apply to everyone, the implications for those administering or receiving rewards/incentive compensation may be far more significant.”

In the United Kingdom, legislation came into force in 2010 requiring enterprise to issue an annual declaration of compliance with standard procedures and processes to ensure proper reporting in respect of the company's business travelers.

In the United States, it is reported that cross border authorities are enforcing, at an increasing rate, tax compliance for non-resident employees entering the country on a regular basis for business travel.

While global requirements for non-resident employers and employees apply to everyone, the implications for those administering or receiving rewards/incentive compensation may be far more significant. The reasons for this are three-fold:

The dollar amount and related tax exposure for rewards/incentive compensation may be significantly greater than that of a base salary for an employee. Rewards/incentive compensation are often earned over long periods of time (i.e. greater than a year), thereby requiring the overhead of tracking current and historical travel data. The taxation of rewards/incentive compensation, pursuant to income tax treaties or domestic tax legislation in place for a given taxing authority, can be complex, inconsistent, and costly to manage.

The overlying concern regarding the above implications is a risk faced by many organizations today: Visibility. An enterprise can only manage, plan, and comply with requirements if they are aware of the issues. For business travelers, this presents a unique challenge, as systems or procedures may not be in place within HR or payroll to track and identify compliance requirements. Consequently, an enterprise and its employees may only become aware of additional liabilities in respect of rewards/incentive compensation when audited by a foreign tax authority. The frequency in occurrences of this situation has resulted in an emerging term - “stealth expat”.

To address these risks, those charged with management of rewards and incentive compensation should consider:

- Implementing software tools and/or processes to track and log the business travel activities of employees.
- Providing tools that increase the issue education and awareness amongst plan administrators, payroll, and finance personnel.
- Fostering co-operation or co-ordination with global mobility procedures and processes that may already be in place.

It is important to note that in the vast majority of cases, compliance with global tax requirements does not expose the employee or employer to double tax. Rather, compliance and pro-active management of cross border compliance ensures full access to the tax relief available pursuant to the many international tax treaties in place. As the saying goes, a stitch in time...

## EXCEL TIP

### *Finding the Average, Sum or Count within a Filtered List:*

To average, sum or count the values resulting from applying a filter, you can use the SUBTOTAL function. Enter the following formula “=SUBTOTAL (X, Y)” such that:

X = 1 (to average), 3 (to count), 9 (to sum)

|    | A           | B                    | C           |
|----|-------------|----------------------|-------------|
| 1  |             | Employee Level       | # Employees |
| 2  |             | Mgmt                 | 33          |
| 4  |             | Mgmt                 | 40          |
| 5  |             | Mgmt                 | 50          |
| 10 |             |                      |             |
| 11 | Calculation | Formula              | Results     |
| 12 | Average     | =SUBTOTAL(101,C2:C9) | 41          |
| 13 | Count       | =SUBTOTAL(103,C2:C9) | 3           |
| 14 | Sum         | =SUBTOTAL(109,C2:C9) | 123         |
| 15 |             |                      |             |

## EVENTS

⇒ *Materials presented at previous events can be found on the Association website under the “Resources” tab*

### **2010 Annual General Meeting & Holiday Social**

The 2010 AGM & Holiday Social, held on November 18, 2010 at the TSX Broadcast Centre was well attended. The Board provided an overview of the activities in 2009-2010 and plans for going forward over the next couple of years. The Association’s financials were presented, clearly indicating the Association has been well managed from a financial perspective.

In addition to the business of the AGM, **Julie Dimitri** of KWA Partners led the attendees through and fun and interactive business networking exercise – all while they munched on scrumptious appetizers.

Aida Verdin from Scotiabank took home the grand prize of an iPad. Other winners included:

- Ingrid Musgrave
- Jackie Burrus
- Larry Moate
- Asuncion Dorotheo
- Pat Fung
- Kate Richard

### **The Social HR Network**

*"I found the overall review of social media very helpful... it was a great presentation. Cathy was great"*

*"Good overall picture of how to leverage social media"  
"Learned a lot of new tools for social media"*

The first breakfast seminar of the 2011, held on January 26<sup>th</sup>, drew a sizeable audience and was quite the hit. This was to be expected given the topic – “**The Social HR Network**” - **Using Social Media to Advance your HR Goals**. Cathy McKnight, a Senior Consultant with Aon Hewitt provided some great insight to the attendees on what we should be thinking about when it comes to this vast – and every growing - subject area. Be sure to check out her presentation which is posted online.

### **Diversity - Workforce & Reward Planning Implications**

Our lunch seminar on March 31st was a success! Participant feedback of the event indicated that the majority of people found the presentation valuable. Caroline Yang, from MultiCultural Business Solutions, focused her discussion on considerations in a diverse workforce. One attendee felt that Caroline “raised perspectives on diversity that may be overlooked in the day to day course of work”. Liz Wright and Larry Moate of McDowall Associates spoke about pay equity concerns and the legislations impact on your business.

*"Useful tools for diversity and pay equity"*

*"Diversity and cultural differences interesting topic, particularly how it impacts management style"*

## Future events >>>>

Details of our May 18<sup>th</sup> event have just been posted. Keep an eye on the GTARA website([www.gtarewards.ca/Events.aspx](http://www.gtarewards.ca/Events.aspx)) for details of other upcoming events including our June 14th round-table session.

We are also happy to announce that you can now register for GTARA events online via the [www.gtarewards.ca](http://www.gtarewards.ca) website.

### It will soon be that time again – time to renew your annual membership

Beginning in May, you will begin to see reminders to renew your annual membership. Benefits of membership include a minimum of three networking/learning events as well as opportunities to connect with your peers! The cost of an annual membership will continue to be \$100 + HST for the 2011-2012 year. Renew online at <http://www.gtarewards.ca/Membership.aspx> starting anytime from May 1st onward.

*All renewing / joining members in the months of May and June will automatically be entered in a draw to win great prizes. The earlier that you renew/join, the more opportunities you have to win. Watch for details coming your way by e-mail and on the website.*

## WorldatWork Courses Coming to a Location near You – and at a Discount for Members

GTA Rewards Association members have access to the *WorldatWork* education at a reduced cost. In addition the Association has partnered with a number of organizations to host in-class courses at their offices in the GTA. For more information on what courses are scheduled during 2011, and where, please visit our website at <http://www.gtarewards.ca/Education.aspx>

### The Next Issue

Thanks for reading this issue of the GTA Total Rewards Newsletter. Don't forget to send us your feedback — and have a chance at winning a gift certificate.

Also, thank you to our contributors for this issue.

Next issue, we look forward to providing you with all kinds of tidbits along with articles on interesting topics such as getting the most out of your payroll budget.

If you are interested in submitting an article or other information for inclusion in a future newsletter, please talk with one of the communications team or send an e-mail to [communications@gtarewards.ca](mailto:communications@gtarewards.ca).

### The Communications Team

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