Canada Labour Code: New Equal Treatment Wage Obligations On The Horizon

The federal government is introducing a new equal wages framework under the *Canada Labour Code* (the "**CLC**") that will require federally regulated employers to pay comparable employees the same rate of wages, regardless of employment status. The draft regulations are expected to come into force in the early months of 2026.

In this blog post, we highlight three key elements of the equal treatment framework that employers should begin preparing for now.

1. Equal Pay Across Employment Status

Federally regulated employers will be prohibited from paying an employee a lower rate of wages due to a difference in "*employment status*". The term "*employment status*" will be defined to include differences between full and part-time workers, as well as between temporary and permanent employees.

The prohibition applies where employees:

- perform substantially the same kind of work,
- require substantially the same skill, effort and responsibility,
- work under similar conditions, and
- are within the same industrial establishment.

The focus of the analysis is on job content and working conditions rather than job titles or classifications.

However, differences in wage rates remain permissible when they are based on reasons relating to:

- seniority,
- merit,
- the quantity/quality of production, and/or
- any other criterion that the regulations may prescribe.

2. Employee's Right to Request a Wage Review

An employee will be able to request a review of their wages if they believe that their current rate contravenes the new equal treatment rules. The employer must conduct the review and provide a written response within 90 days, which either:

- confirms an amendment (i.e. an increase) to comply, or
- explains why the current rate complies.

It is important to note that an employer will not be permitted to reduce an employee's rate of pay to comply with the rules. This means that where non-compliance is found, the corrective action will be to raise the lower rate, not lower the higher one. Employers will also be prohibited from engaging in reprisals for making such a request.

3. Temporary Help Agencies

Federally regulated temporary help agencies will also be subject to a wage-parity rules.

Temporary help agencies will be prohibited from paying their employees less than their clients' employees who performs substantially the same work under similar conditions. Once again, differences in wage rates are permissible when they are based on the criteria listed in the CLC, i.e., seniority, merit, productivity, and other enumerated grounds in the regulations.

Additionally, temporary help agencies will be prohibited from:

- charging fees tied to becoming or remaining an employee or for assignment/job-preparation services, and
- preventing or attempting to prevent a worker from moving into direct employment with the client.

It is important to note that parity is assessed only where the wages are calculated using the same type of rate – for instance, hourly to hourly or commission to commission. This is designed to ensure a clean, defensible comparator analysis.

Takeaways for Employers

With the federal equal treatment wage rules on the horizon, federally regulated employers should begin reviewing their compensation structures and policies. In particular, employers should ensure that comparator roles are clearly defined, permissible wage differentials are properly supported, and internal wage-review processes are capable of withstanding regulatory scrutiny.

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The content of this article is intended to provide a general guide to the subject matter. Specialist advice should be sought about your specific circumstances.

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