

Prince Edward Island Overhauls Its Employment Standards Act



After years of study and public consultations, Prince Edward Island completely revised its *Employment Standards Act*. The new “[ESA 2.0](#)” (our term, not PEI’s) took effect on June 30, 2026. Employers subject to PEI employment standards laws must review their leave, overtime, vacation, work scheduling, termination notice, payroll statement, and other HR policies and practices and make the changes necessary to ensure compliance with the new ESA 2.0. Here are the 13 changes you need to know about and account for.

1. New Unpaid Medical Leave

The new ESA 2.0 provides employees with at least 90 days’ continuous service includes unpaid medical leave of up to 27 consecutive weeks. Employees must provide written confirmation of need for leave from a medical practitioner or nurse practitioner.

2. One More Paid Sick Day

The law increases unpaid sick days from three to four for employees with at least 30 days’ service. Employers can’t require doctor’s notes unless employees are absent at least five consecutive days. Employees also get paid sick leave of one day after one year, two days after two years, and three days after three years.

3. New Citizenship Ceremony Leave

ESA 2.0 creates a new Citizenship Ceremony Leave of one unpaid day to attend a citizenship ceremony to receive a certificate of citizenship. Employees must have at least 90 days of employment to be eligible.

4. Increase to Paid Vacation

PEI employees will now get two weeks of paid vacation after years one to four of employment and three weeks after five years. Previously, employees had to work eight years for the same employer to earn three weeks of vacation.

5. Decrease to Maximum Work Week Hours

The new law reduces the maximum work week from 48 to 44 hours. Employees are entitled to at least eight hours of rest between shifts, except in limited circumstances.

6. New Work Schedule Requirements

Employers must now provide employees a written work schedule at least one week in advance specifying the time when work begins and, where “reasonably practicable,” the time when a rest or meal break begins and ends. The schedule must also list the number and time of overtime hours.

7. Overtime Averaging Agreements Permitted

PEI employers and employees may now enter into written agreements to average hours over a two- to four-week period for purposes of determining employee eligibility for overtime pay. Averaging agreements must specify the:

- Number of weeks covered.
- Start and expiry date.
- Work schedule for each day of the agreement period.
- Number of times the agreement may be renewed.

8. New Payroll Statement Information Requirements

Employers must list paid holiday pay and pay for any paid leave on the written pay statement they’re legally required to give employees.

9. New Tip Pooling Policy Posting Requirement

To further promote transparency, the new law requires employers to post their tip pooling policy in the workplace in a conspicuous place where employees are likely to see it.

10. Termination Notice Required After 90 Days

Employees now qualify for termination notice after only 90 days of employment, rather than six months under previous law.

11. Stricter Group Termination Notice Requirements

Under the new rules, employers must provide at least six weeks’ notice when laying off a large group of staff if:

- At least 10 employees are affected.
- The affected employees constitute 25% or more of the workforce.
- All the layoffs happen within a two-month period.

Notice must be provided to all affected employees, the union, and the PEI Employment Standards Branch.

12. More Time for Employees to File ESA Complaints

Employees now have two years to file an employment standards complaint, as opposed to only one year under previous law.

13. New Administrative Monetary Penalties for ESA Violations

Government Employment Standards inspectors can now issue administrative monetary penalties of \$500 to \$1,500 to employers who commit violations.