[Your Part-Time Pay Rates May Need More Than a Budget Adjustment]



A compensation spreadsheet can preserve a questionable pay practice for years. Someone creates a separate rate for part-time staff, payroll applies the code and the annual budget carries it forward. By the time HR asks why the difference exists, the answer may be little more than habit. December’s budget review is the right place to challenge that answer.

New federal equal-treatment requirements took effect on October 20, 2026. For employers covered by Part III of the Canada Labour Code, employment status can no longer justify a lower wage rate where the statutory comparison requirements are met and no permitted exception applies. HR should examine existing rates before approving another year of spending built on them. Calling an increase a compliance correction also matters, because a necessary correction shouldn’t disappear into the ordinary merit pool.

The useful exercise goes beyond finding employees with matching titles. It asks how work is assigned, which employees are compared, what actually explains each difference and whether the evidence supports that explanation. Done properly, this review gives Finance a more reliable labour forecast and gives managers a pay structure they can explain without improvising.

Establish which rules apply before opening the spreadsheet

These are federal labour standards. They aren’t a new Canada-wide employment standard for every workplace, and the federal public service isn’t covered by Part III. Banks, telecommunications businesses and interprovincial transportation operations are among the employers that may fall within its scope. A national footprint doesn’t by itself determine jurisdiction. HR should confirm coverage for the operation under review and direct provincially regulated units to the rules that apply to them.

Nor should an employer assume that every provision of an existing collective agreement must change immediately. The legislation provides a limited transition for conflicting wage provisions in qualifying collective agreements already in effect when the new provisions commenced. Have labour relations and counsel identify the specific provision, whether the transition applies and when it ends. A general note

that a workforce is unionized doesn’t answer those questions.

Put this jurisdictional decision at the front of the review record. It prevents a mixed organization from applying one legal conclusion to several different businesses and stops a local manager from treating federal guidance as permission to disregard a provincial obligation. Where coverage is uncertain, resolve it explicitly rather than allowing payroll’s existing configuration to become the default legal opinion.

Build the comparison around the work people actually do

The federal test considers the same industrial establishment, substantially the same work, substantially the same skill, effort and responsibility, similar working conditions and the prescribed wage-rate factor. For HR, that means a title match is a starting point for investigation. It isn’t a conclusion, and different titles shouldn’t end the inquiry either.

Start with payroll’s employment-status categories and ask managers where employees cross the boundaries between them. Who covers the permanent employee’s queue during an absence? Which seasonal staff make the same operational decisions as year-round staff? Where does a casual employee carry the same customer or safety responsibility as a full-time colleague? Those questions reveal useful comparisons that an organization chart may conceal.

Then inspect a small but credible body of evidence. Current task assignments, schedules, approval authorities and examples of completed work can show whether the written job description reflects the role. Ask managers to identify consequential differences and explain how frequently they occur. A responsibility that exists only in a job description deserves closer examination before it supports a pay decision.

Keep the inquiry balanced. If one role genuinely includes different accountability, record it precisely. Supervising people, authorizing transactions or carrying a different level of independent decision-making may matter. So can working conditions. HR shouldn’t flatten meaningful distinctions to produce a neat spreadsheet, but it should require more than a manager’s assertion that the permanent position is “more senior.”

A useful review note describes the difference in observable terms. It identifies the decision one employee can make, the consequence attached to it and the evidence showing that the responsibility is exercised. That gives a second reviewer something to assess. “More experienced” leaves too much unresolved, particularly when the employer hasn’t explained how experience affects its pay system.

Be especially careful where automation has redistributed work. A role that formerly involved judgment may now follow the same automated workflow as a lower-paid role, while exception handling has moved elsewhere. The compensation structure can outlast the distinction that originally supported it. Reviewing the work as it exists today is therefore a business necessity as well as a sensible way to investigate comparability.

Check the boundaries your HR system takes

for granted

The regulations define an industrial establishment for these purposes by reference to Employment Insurance economic regions, with specific rules for assigning employees, including transportation and fully remote workers. The branch code in the HR system may not describe the relevant boundary. Treat the mapping as a separate task, with someone accountable for checking it.

This is where a decentralized employer can miss the larger issue. One branch may have set a casual rate independently, while another nearby operation uses a common rate for equivalent work. A review confined to each manager’s direct reports could leave that difference invisible. Ask the person building the dataset to show which locations have been grouped together and which have been separated, together with the reason.

Remote work needs particular attention. Don’t simply assign every remote employee to the region containing their home address or assume the supervisor’s location always settles the matter. Apply the regulatory assignment rules to the facts. Where those facts aren’t recorded, identify who will establish them before the organization relies on the comparison.

The same discipline applies to wage formats. The regulations group time-based rates together, rather than limiting comparison to employees who are both paid hourly. Other wage types have their own comparison categories. An annual salary and an hourly rate shouldn’t automatically sit in separate review files merely because payroll processes them differently.

Ask payroll to document any conversion used for analysis, including the hours and compensation components assumed. A simple annual-salary division can create misleading results if the reviewer overlooks the terms under which the salary is earned. Use the initial calculation to locate questions, then verify the relevant terms before drawing a legal or compensation conclusion.

Require an explanation that existed before the challenge

Some wage differences are permitted. The Code identifies systems based on seniority, merit and the quantity or quality of production; the regulations prescribe additional criteria. The practical issue is whether the employer can demonstrate the system it says produced the difference. A policy drafted after a complaint won’t establish how earlier decisions were made.

For each potentially comparable group, ask who can access the higher rate and on what terms. If the answer is length of service, examine the progression rules and actual placements. If the answer is merit, inspect the assessment criteria and the decisions they produced. Does the documentation explain the individual rate, or merely establish that the employer holds annual performance reviews?

The regulatory definition of a system requires it to apply to comparable employees and requires its particulars to be communicated in writing or readily available for examination. HR should therefore look at access as well as calculation. A pay framework that exists only in a compensation analyst’s private workbook may not satisfy the requirement the employer intends to rely on.

A merit explanation also warrants an operational question. Have part-time employees had a fair opportunity to demonstrate the performance being measured? Perhaps the manager allocates complex assignments only to full-time employees, then uses those assignments to justify higher ratings. That pattern calls for investigation into both the pay decision and the assignment practice. It shouldn’t be resolved with a retrospective performance label.

Where management relies on a recruitment or retention premium, preserve the facts supporting the particular exception being claimed. Record what was happening in the labour market, which positions were affected and how the decision was made. Counsel should assess whether those facts meet the regulatory requirements. “We had to pay it” is a description of a decision, not a complete explanation of its legal basis.

Avoid the opposite mistake, too. A lower rate doesn’t become unlawful merely because HR dislikes the manager’s explanation at first glance. Investigate the evidence, apply the comparison criteria and assess any applicable exception. The objective is a supportable decision that another reviewer can follow, with unresolved issues clearly identified.

Separate the cost of compliance from the merit budget

Finance needs to know whether its proposed labour budget contains a required correction or a discretionary increase. Blending the two can make the numbers look manageable while leaving managers unable to fund ordinary progression. It can also distort the message employees receive about why their rate changed.

Consider a hypothetical group of 24 part-time employees, each working 20 hours a week for 50 weeks a year. Assume a completed review establishes that their $28 hourly rate must rise to $31. The annual increase in base wages is 24 × 20 × 50 × $3, or C$72,000. These are illustrative Canadian-dollar assumptions, not market wage benchmarks or a finding about a real employer.

For budgeting only, suppose Finance estimates a further 14% for applicable wage-related costs. That adds C$10,080, bringing the illustrative annual allowance to C$82,080. Replace that percentage with the organization’s actual obligations, contribution ceilings and benefit terms. The example excludes overtime effects, any amount owed for an earlier period, implementation costs and possible changes elsewhere in the pay structure.

Now consider the merit pool. If management had allocated C$90,000 for discretionary increases across the department, charging this correction against it would leave only C$7,920 under those assumptions. That doesn’t mean the organization can postpone a required correction. It means leadership needs an honest funding decision instead of a budget that describes two different commitments as though they were one.

The Code prohibits reducing another employee’s wage rate to comply with equal-treatment requirements. [3] HR should make that constraint explicit before managers start proposing ways to “balance” the change. Any broader restructuring of duties, hours or employment terms requires its own assessment, including contractual, collective-agreement and reprisal implications.

Keep the financial analysis proportionate. Don’t inflate the business case with an invented penalty figure or assume that every unexplained dollar is recoverable for the employee’s entire tenure. Calculate confirmed corrections, identify contingent

amounts separately and obtain advice on the applicable recovery rules. A credible range with stated assumptions is more useful than a dramatic total nobody can defend.

Prepare for a wage review before the first request arrives

A written employee request triggers a review and written-response obligation within 90 days. If the employer increases the rate to comply, section 182.2 also addresses payment of the wage difference from the request date until the increased rate begins. The section protects employees against specified adverse treatment for making the request. HR needs an intake process that can recognize the issue even when an employee doesn't cite the legislation.

A message saying "I'm paid less because I'm casual and I'd like you to review it" should reach the responsible HR team promptly. Managers need to know where to send it and how to preserve the original receipt date. Don't let the organization spend its response period debating which inbox should have received the email.

Set an internal timetable that leaves room for disputed facts. Assign an investigator, obtain the relevant payroll and work records, identify the proposed comparators and seek legal advice where necessary. Give the person responsible for the final response time to examine the reasoning. The statutory period is a deadline for completing the work, not a sensible target for beginning it.

The employee's response should explain the decision in language they can understand while protecting other employees' personal information. If HR concludes that the current rate complies, the explanation needs reasons grounded in the applicable test. If a correction is required, payroll must receive clear instructions about the rate, effective date and required payment. Retain the calculation and evidence supporting the outcome.

Managers also need practical guidance while a request is being examined. A sudden reduction in hours or removal from desirable assignments can create a separate problem and undermine confidence in the process. Require review of proposed adverse changes involving the requesting employee, document legitimate reasons and ensure that the request itself doesn't influence the decision.

Make the corrected rate survive the next hiring cycle

A completed review can unravel quickly if the old rate remains in the offer template. Before closing a correction, check the requisition, compensation approval process and payroll setup that created it. Otherwise the next manager may hire another employee into the same problem while HR is still explaining the first decision.

Assign ownership of the underlying rule. Someone should approve changes to status-based rate tables, maintain the supporting pay-system documentation and determine when a material change in duties requires another look. This doesn't require an elaborate new committee. It requires a clear decision path and records that remain understandable when the current HR manager leaves.

Where temporary help agencies are used, flag the arrangements for a separate assessment. The October amendments also introduced agency-specific provisions, and

the agency’s bill rate isn’t the worker’s wage rate. Procurement and operations should bring HR into that review rather than assuming that a supplier contract settles the employment-standards questions.

By the time the 2027 compensation plan reaches leadership, HR should be able to identify the groups reviewed, explain significant retained differences and show the funding needed for confirmed corrections. Any outstanding question should have an owner and a decision date. That gives the budget a defensible foundation and gives employees a pay system that can withstand examination.