

**Federal Rules Regarding “Equal Treatment” and Temporary Help Agencies
Come into Effect October 20, 2026**
October 2026

New federal rules regarding equal treatment and temporary help agencies come into effect October 20, 2026.¹ The rules will impact an employer in a federally regulated industry, including cross-border transportation, banking, postal and courier services, energy and resources and telecommunications.

In short, an employer will be prohibited from paying an employee a different rate of pay because of a difference in employment status (*e.g.*, paying a part time worker less than a full time worker, if they do the same job). Similarly, a temporary help agency (“THA”) will be prohibited from paying its employee a lesser rate of pay than its client’s employee doing the same job. Further rules prohibit a THA from charging certain fees to an employee or client.

The Government of Canada has now published Interpretations, Policies and Guidelines (“IPG”) regarding both the equal treatment and temporary help agency rules.² **If you have questions, or need assistance, contact your Sherrard Kuzz LLP lawyer or info@sherrardkuzz.com.**

Equal treatment rules

An employer is prohibited from paying one employee a rate of wage less than the rate paid to another employee if the reason for the difference is **employment status** and:

- The employees work in the same industrial establishment
- The employees perform substantially the same kind of work
- Performance of that work requires substantially the same skill, effort and responsibility
- Work is performed under similar working conditions, and
- Any other prescribed factor. The regulations prescribe that to be comparable, the employees’ wages must be calculated using the same type of rate of wages, *e.g.*, based on time, mileage, piece rate, commission rate, *etc.*

Employment status means a difference between full-time and part-time workers, as well as between temporary (*e.g.*, fixed-term, casual, seasonal or on-call) and permanent workers.

¹ [Bill C-86, A second Act to implement certain provisions of the budget tabled in Parliament on February 27, 2018 and other measures](#) and [Regulations Amending Certain Regulations Made Under the Canada Labour Code \(Equal Treatment and Temporary Help Agencies\)](#).

See our earlier briefing notes on this topic: [Amendments to Part III of the Canada Labour Code](#) (9 July 2019) and [Proposed Amendments to Canada Labour Standards Regulations](#) (13 March 2025).

² [Equal Treatment – IPG - 122](#) and [Temporary Help Agencies – IPG - 123](#).

A difference in the rate of wage **is permitted** if the difference is due to a system based on seniority, merit, quantity or quality of each employee's production, or any other prescribed criterion. At this time, the regulations specify the following prescribed criteria:

- Maintaining an employee's rate of wages following their reclassification or demotion to a position that has a lower rate of wages (*i.e.*, "red circling")
- Increasing a rate of wage to recruit or retain an employee during a labour shortage
- Paying an employee a different rate of wage based on the geographic area in which they work
- Paying an employee who is on travel status a different rate than someone who is not.

The system must apply to every employee whose rate of pay is comparable, and the particulars of the system must be communicated to impacted employees in writing or be readily available to them.

An employer cannot reduce an employee's wage rate to comply with the equal treatment rules.

Request for Review. An employee can request in writing that the employer review their rate of wage. The review must be conducted within 90 days, and the employee must receive a written response setting out whether an increase is being given or reasons the employee's current rate of wage is compliant. If the rate of wage is increased, it must be applied retroactively to the day the request was made. An employer cannot reprise against an employee for requesting a review of wages under this section.

Notice of Employment Opportunities. If it is the employer's practice to notify employees in writing of employment or promotion opportunities, the employer must inform all its employees, regardless of employment status.

Collective Agreement Provisions. If a collective agreement contains a provision permitting a difference in wage rate based on employment status, the provision is grandfathered for a period of two years after the equal pay provisions come into force.

Temporary help agency. A THA employer is prohibited from paying an employee a rate of wages lower than the rate the client pays to its employee. The same conditions and exceptions set out above apply. A client employer is prohibited from reducing the wage rate of its employee to ensure a THA employer complies with this requirement.

Prohibition on fees charged by a temporary help agency

A THA is prohibited from charging a fee to:

- A person for becoming its employee
- An employee for assigning or attempting to assign the employee to perform work for a client
- An employee for an assignment or job preparation service (*e.g.*, preparing a resume)
- An employee for establishing an employment relationship with a client
- A client for establishing an employment relationship with an employee if the day the employee starts is greater than six months from the day the employment relationship is established.

These prohibitions apply to any type of fee, including a one-time fee charged directly to an employee, lump sum, percentage deducted from an employee's pay, or any other form of fee charged for these purposes. A THA is permitted to charge a client employer a fee for the first six months of the employment relationship.

A THA is also prohibited from preventing or attempting to prevent an employee from establishing an employment relationship with a client.

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