



Labour Program: fair, safe and productive workplaces

Information on **Labour Standards**

11 WAGE RECOVERY



Part III of the *Canada Labour Code* (Labour Standards)

This publication answers general questions related to the wage recovery system that is outlined in Part III of the *Canada Labour Code* (the Code). It applies to employees and employers in works, undertakings or businesses subject to federal jurisdiction as described in the Summary pamphlet in this series.

The [Summary](#) pamphlet is available at on the Labour Program Internet website at www.labour.gc.ca.

1 The wage recovery system

The wage recovery system is a legislated tool for the collection of an employee's unpaid wages or other amounts owing. The system also provides an administrative review process and an appeal mechanism to parties who disagree with an inspector's findings.

2 Handling cases of non-payment of wages

The Labour Program assigns an inspector to investigate any complaints filed by an employee within six months from the last day the employer was required to pay the wages.

3 Actions taken by an inspector

An inspector investigates to determine whether a complaint is founded. If the monetary complaint is founded, the inspector attempts to have the employer voluntarily pay the wages or other amounts owing before issuing a Payment Order. If the employer voluntarily complies, the inspector may issue a Notice of Voluntary Compliance. If the complaint is unfounded, the complainant (employee) will be notified of the inspector's finding in writing. A Notice of Unfounded Complaint may subsequently be issued to the complainant.

4 Administrative fees

When a Payment Order is issued to an employer, an administrative fee of \$200 or 15% (whichever is greater) will be added to the wages or other amounts owed.

5 Director's liability

When wage recovery from a corporation is impossible or unlikely, directors may be held liable for amounts due to an employee or employees during their incumbency. Corporate directors are jointly and individually liable for employees' wages and other amounts owed, such as severance and notice pay, up to a limit equivalent to six months' wages.

6 Review and appeal of an inspector's Notice of Unfounded Complaint and Notice of Voluntary Compliance

A Notice of Unfounded Complaint or Notice of Voluntary Compliance may be reviewed. To do this, an employee must make their request to the Minister of Labour, with written reasons and within 15 days after the notice was served. Upon completion of the review, the Notice of Unfounded Complaint or Notice of Voluntary Compliance could be confirmed, amended or overturned.

The review decision could be further appealed to a referee, but only on a question of law or jurisdiction. Some cases may be referred directly to a referee to be heard.

7 Review and appeal of a Payment Order

A Payment Order may be reviewed. To do this, an employee, an employer or a director of a corporation must make their request to the Minister of Labour, with written reasons and within 15 days after the Payment Order was served. An employer or director must also provide a payment for the amount indicated in the Payment Order, or a Letter of Credit in lieu of payment, plus applicable administrative fees. Upon completion of the review, the Payment Order could be confirmed, varied or overturned.

The review decision could be further appealed to a referee, but only on a question of law or jurisdiction. Some cases may be referred directly to a referee to be heard.

8

Payment Order as a court judgement

A Payment Order issued by an inspector or a reviewer that remains unpaid may be registered in the Federal Court of Canada system if a party to the Payment Order makes such a request to the Minister. Following court proceedings, the Payment Order could be upheld as a court judgment.

Once a Payment Order has been filed in the Federal Court, the statutory authority of the Labour Program ends. This means that the Labour Program no longer has the authority to enforce the Payment Order.

For more information, visit the [Federal Court website](#).

9

Claims against a debtor

A claim against a debtor of an employer or director, up to the amount stated in the Payment Order, maybe issued by a Labour Program inspector. The debtor would be required to pay the amount to the Minister within 15 days.

This document is provided for information purposes only. For interpretation and application purposes, please refer to Part III of the *Canada Labour Code* (Labour Standards), the *Canada Labour Standards Regulations*, and relevant amendments.

Information about these provisions may be obtained from the Labour Program by calling 1-800-641-4049, by visiting the [website](#) or by submitting your questions or comments through the Labour Program [Contact Us](#) form.

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This publication is available for download at canada.ca/publiccentre-ESDC.

It is also available upon request in multiple formats (large print, MP3, Braille, audio CD, e-text CD, or DAISY), by contacting 1 800 O-Canada (1-800-622-6232). By teletypewriter (TTY), call 1-800-926-9105.

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