



Labour

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. What is 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.

Prior to April 1, 2014, the wage recovery system did not have a time limit for filing a monetary complaint, a recovery period for orders, or a review process. Any complaints filed before that date will continue to be handled based on the previous system. Any complaints filed after that date will be handled using the new system.

2. How are cases of non-payment of wages handled?

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. What action does the inspector take?

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 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. To what extent are directors liable?

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 employment. Corporate directors are jointly and individually liable for employees' wages and other amounts to which the employees are entitled, such as severance and notice pay, up to a maximum amount equivalent to six months' wages.

5. Can an inspector's *Notice of Unfounded Complaint* be reviewed or appealed?

A *Notice of Unfounded Complaint* 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* 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.

6. Can an inspector's *Payment Order* be reviewed or appealed?

A *Payment Order* may be reviewed. To do this, an employer or director must make their request to the Minister, with written reasons and within 15 days after the order was served. The amount indicated in the payment order must also be paid to the Minister. Upon completion of the review, the order 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. Can a *Payment Order* become a court judgment?

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 order makes such a request to the Minister. Following court proceedings, the *Payment Order* could be upheld as a court judgment.

Once an 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 order. For more information, visit the Federal Court website at www.fct-cf.gc.ca.

8. Can the Labour Program recover amounts owed to an employee in any other way?

A claim against a debtor of an employer, up to the amount stated in the *Payment Order*, may be issued by a Labour Program inspector. The debtor would be required to pay the amount to the Minister within 15 days. The issuance of a written order to debtor may also be made by a Regional Director of the Department.

This pamphlet is provided for information 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 toll free at 1-800-641-4049, by visiting the website at www.labour.gc.ca or by submitting your questions or comments through the Labour Program [Contact Us](#) form.

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