

# Bill 53 Proposes Minimum Pay Rates for Workers Under Government Contracts

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In mid-April, the Ontario government introduced Bill 53, the *Government Contract Wages Act, 2018* (the “Bill”). The Bill, if passed, will set out new wage rates for workers in certain sectors under contract with government entities.

This legislation would be the first update to the *Fair Wage Policy* since 1995. Central to the changes proposed in the Bill are increases to the minimum wage rates for individuals providing security or cleaning services under contract at buildings owned, leased or occupied by government entities, including construction workers under contract with government entities. These minimum wage rate changes would apply to both contractor and subcontractor wages.

Highlights of the Bill include:

- new minimum wage rates for building cleaning/security work provided under contract for buildings owned, occupied or leased by government entities;
- new minimum wage rates for government-contracted construction work in four sectors (roads, heavy engineer, sewer and water mains, and industrial, commercial and institutional);
- new minimum wage rates that contractors and sub-contractors must pay employees when bidding on government contracts;
- the appointment of a new government position, the “Director of Government Contract Wages,” who would be empowered to establish different government contract minimum wages for various institutions and amend the minimum wage rates; and
- the development of Fair Wage Policy wage schedules in consultation with partners and stakeholders.

The proposed Bill is similar to the *Employment Standards Act, 2000* as it imposes monetary penalties for failing to comply and bars employers from contracting out of the Bill’s requirements. Moreover, employers should note that the new wage requirements will only apply to those contracts entered into after the implementation of the new wage rates by the Director of Government Contract Wages. These wage rates may apply to contractors when bidding on government contracts. As such, these employers should keep abreast of minimum wage requirements when structuring their bids to ensure compliance.

It should be kept in mind that the Bill may be amended as it makes its way through the legislature. As well, the new Director of Government Contract Wages will have wide discretion to set different minimum wage rates, which will add further to the uncertainty faced by affected employers. This discretion includes the ability to set different minimum wage rates for different types of work, different types of contracts and even for work done in different parts of the province.

Stay tuned for further updates from Aird & Berlis on the status of Bill 53.

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