

Common Questions:

I have been offered a job. My new employer wants me to sign an employment contract. Should I sign it?

Legal Information

Most employees are hired without a written employment contract. Of those employees that are presented with a written contract to sign, few are provided with a real opportunity to negotiate terms of a contract. They are simply asked to sign what they are given. However, it is important that you are aware of how employment contracts affect you, both during your employment and after your employment ends.

Here are a number of things that you should keep in mind:

- Employment contracts apply to non-unionized employees. If you are unionized you are covered by your collective agreement that is negotiated between your union and your employer.
- Your employment contract should deal with your compensation. Compensation can be wages and salary, bonuses, vacations, profit-sharing, car allowances and other benefits. It is important that you understand when you will be entitled to receive bonuses or benefits, both during employment and if you are terminated.
- Minimum standards of employment are set out in the *Employment Standards Act, 2000* (ESA) which applies to almost all employees in Ontario. You and your employer cannot agree to terms of an employment contract that go against the minimums set out in the ESA.
- The ESA allows you or your employer to “agree” to some employment terms that would not otherwise be allowed. Generally, these concern hours of work and vacation entitlement.
- You and your employer cannot contract out of the *Human Rights Code*, the *Occupational Health and Safety Act* or the *Workplace Safety and Insurance Act*.
- An employment contract may provide for a probationary period, meaning a term during which the employer can terminate you without having to show good cause for dismissal. If you are on probation you have less (although not necessarily no) legal recourse if you are dismissed without good cause during the probationary period. Probationary periods in employment contracts are often 3-6 months long and sometimes renewable.

- Another important element of an employment contract relates to the termination of the contract. As a general rule, an employer has the right to terminate your employment (non-unionized) if your employer has just cause. If your employer does not have just cause, they must give reasonable notice or wages in lieu of reasonable notice.
- If your employment contract specifically addresses the notice you will get if terminated without just cause and the notice period meets the minimum requirements under the ESA, then the agreement between you and your employer will likely be followed.
- If your employment contract does not specifically address the notice you will get if terminated without just cause, you are entitled to the minimum notice required under the ESA or may think of suing your employer at court for wrongful dismissal.
- An employee asked to sign an employment contract should consider asking for an opportunity to obtain legal advice, but should keep in mind that, unfortunately, if the offer of employment is withdrawn as a result of the request, the employee may not have any legal recourse against the employer.

Further Information is available from:

- **Ministry of Labour:** 1-800-531-5551 or online at www.labour.gov.on.ca/english/index.php.
- **Steps to Justice** - <https://stepstojustice.ca/legal-topic/employment-and-work>
- **CALC's website** - <http://communitylegalcentre.ca/legal-topic/employment-and-work/>