

# Canada Is Introducing A Federal Minimum Wage: What Employers Need To Know



From 29 December 2021, a new federal minimum wage of CAD 15 per hour will take effect.

A new Canadian federal minimum wage of CAD 15 per hour was included in the Budget Implementation Act, 2021, No. 1. It will come into effect on 29 December 2021 and will apply to workers in the federally regulated private sector.

Currently, federally regulated employees are subject to the minimum wage of the province or territory in which they are typically employed. Accordingly, federal employers could have employees occupying the same position but compensated differently because they are employed in different provinces or territories.

After 29 December 2021, no federally regulated employee may be paid less than CAD 15 per hour.

Further, the Canada Labour Code has been amended to provide that if the minimum wage of a province or territory is higher than the federal minimum wage, then the employer must pay a minimum wage that is not less than the higher minimum wage. This is currently only applicable to employers in Nunavut (minimum wage is currently CAD 16 per hour), British Columbia (minimum wage is currently CAD 15.20 per hour), and the Northwest Territories (minimum wage will be increasing to CAD 15.20 as of 1 September 2021).

This change may increase an employer's costs related to total compensation, impact the employer's at-source deductions, and result in potential wage scale compression where employees are paid on a progressive scale. It may also impact an employer's pay equity obligations. Employers should therefore identify any employees receiving an hourly wage lower than CAD 15 as this will help ensure compliance as of 29 December 2021 and allow for an opportunity to assess the economic and other impacts of the change.

by John D. R. Craig (Mathews Dinsdale) (Brussels)  
lus Laboris