What’s the Minimum Wage of a Federally Regulated Employee?



Historically, there was no federal minimum wage rate in Canada. Employees of federally regulated companies were entitled to the minimum wage provided for under the employment standards laws of the particular employee’s province or territory of employment. That all changed in 2021 when a new federal minimum wage rate of $15.00 per hour took effect. That rate has increased several times since then. All of this raises a question: What if the provincial minimum wage is actually higher than the federal minimum wage rate? In that situation, paying the federal rate would actually result in the employee’s earning less. Here’s a scenario to illustrate the rules that apply in these situations.

SITUATION

Fly By Night, Ltd., a telecom company subject to the *Canada Labour Code*, hires 4 new employees to work at different sites across the country all at the minimum wage:

- Alberto works in Alberta where the minimum wage is $15.00 per hour;
- Brittany works in B.C. where the minimum wage is $17.40 per hour;
- Ondré works in Ontario where the minimum wage is $17.20 per hour;
- Manny works in Manitoba where the minimum wage is $15.30.

The current federal minimum wage rate is $17.30 per hour.

QUESTION

At what minimum wage rate must Fly By Night pay each new employee?

17. **$17.40 since that’s the highest minimum wage rate of the group**
18. **$17.30 since that’s the federal minimum wage rate**
19. **$17.30, except for Brittany who gets $17.40**
20. **$16.30 since that’s the median between the Manitoba and federal rate**

ANSWER

Fly By Night must pay Alberto, Ondré and Manny $17.30 federal rate and Brittany the $17.40 provincial rate.

EXPLANATION

The rule is that federally regulated employees get paid either the federal minimum wage rate or provincial or territorial rate, whichever one is higher. In other words, the required minimum wage rates for federally regulated employees still vary depending on the province or territory. However, under the new federal rules, employees are entitled to **no less** than the federal minimum wage rate, currently $17.30 per hour. So, in this case:

- Alberto gets the $17.30 per hour federal rate;
- Brittany gets the $17.40 per hour B.C. rate;
- Ondré gets the $17.30 per hour federal rate; and
- Manny gets the $17.30 per hour federal rate.

Accordingly, B is the right answer.

WHY WRONG ANSWERS ARE WRONG

A is wrong because it doesn’t matter what minimum wage federally regulated employees working for the same federal company in other provinces make. All that matters is the comparison between the province of employment of the particular employee and the federal minimum wage rate.

B is wrong because the federal minimum wage applies only when it’s higher than the applicable provincial or territorial minimum wage.

D is wrong because the formula is a simple comparison of the 2 rates. Paying a median between the provincial and federal rate thus constitutes an underpayment of minimum wages.