



# What We Heard Report

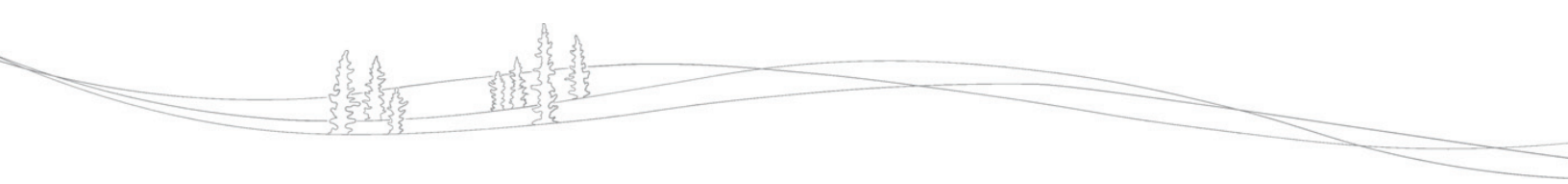
## Annual Minimum Wage Survey

July 2024



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## Executive Summary

The minimum wage rate in the Northwest Territories (NWT) is now adjusted annually on September 1 using a formula based on the percentage change in the Consumer Price Index (CPI) for Yellowknife and the percentage change in the average hourly wage (AHW) in the NWT for the preceding calendar year. This change was announced in 2022 to increase transparency in decision-making and allow the minimum wage to keep up with increasing costs for NWT residents and other jurisdictions in Canada.

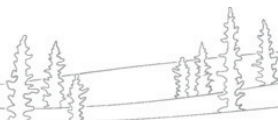
It is important for the Government of the Northwest Territories (GNWT) to hear from residents – particularly employees and employers - on the impacts of changes to the minimum wage rate. To accomplish this, the Department of Education, Culture and Employment (ECE) seeks feedback through a public survey every year to ensure we have a strong understanding of employer/employee interests and to inform the Minister of these perspectives.

ECE engaged with residents through an online survey which was available on the GNWT's Open Engagement Portal from January 3 to 30, 2024. In total, 240 individuals completed the survey, including 199 employees, 31 employers, and 11 respondents who identified as 'other'.

The majority of respondents agreed with the minimum wage being adjusted annually based on statistical indicators such as the CPI and the average hourly wage. However, most employees felt that the increase to the minimum wage rate in 2023 using the new formula was too low. Employers were divided on how they felt about the 2023 adjustment. Respondents agreed that the cost of living is the most important factor when it comes to setting the minimum wage rate.

The minimum wage rate will be adjusted on September 1, 2024, using the formula based on the percentage change in the CPI for Yellowknife and the percentage change in the average hourly wage in the NWT for 2023, unless the Minister chooses to prescribe a different rate.

ECE will seek public feedback again following the September 1, 2024 adjustment to the minimum wage rate.



## Background

The minimum wage is the lowest wage rate that an employer can legally pay an employee. In the NWT, minimum wage earners are more likely to be between the ages of 15 to 24 years old, to live in Yellowknife<sup>1</sup>, and to work fewer hours per week (see Appendix A).

The Minister of ECE has the authority to determine and prescribe the minimum wage rate in the NWT, in accordance with the *Employment Standards Act* (the Act) and Regulations.

In 2013, the Minister of ECE established a Minimum Wage Committee to advise on whether changes to the rate were required. The Committee was formed with a mandate to review and consider a range of social and economic factors and recommend adjustments to the minimum wage, as appropriate.

From 2013 to 2022, the Minimum Wage Committee conducted biannual reviews of the NWT's minimum wage rate and provided options for adjustment to the Minister. During its tenure, the Minimum Wage Committee produced three reports, in 2014, 2017 and 2020, and the minimum wage increased from \$10.00 to \$15.20 per hour.

In response to concerns from Members of the 19<sup>th</sup> Legislative Assembly regarding a lack of transparency in the process and to allow for gradual increases to the minimum wage, in 2022, the Minister of ECE introduced a new approach to determining the minimum wage.

The minimum wage is now adjusted annually using a formula based on the percentage change in the CPI for Yellowknife and the percentage change in the average hourly wage in the NWT for the preceding calendar year. The first adjustment using the formula occurred on September 1, 2023, and the minimum wage rate in the NWT increased by \$0.85, from \$15.20 to \$16.05 per hour.

The shift to annual formula-based adjustments is intended to:

- keep up with the increasing costs for NWT residents
- keep up with other jurisdictions' minimum wage rates
- enable businesses to better plan for increases to the minimum wage rate
- help ensure the lowest earners receive a pay raise each year
- increase transparency in government decision-making

Many jurisdictions in Canada base their minimum wage rates on statistical indicators like the CPI. Others have made scheduled periodic increases over the last few years, to bring their minimum wage rates above \$15.00 per hour. A table summarizing the minimum wage rates and setting mechanisms across Canada is provided in Appendix B.

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<sup>1</sup> Source: NWT Bureau of Statistics, Earnings and Wages, Employee Wage Distribution by Select Characteristic, 2022. (<https://www.statsnwt.ca/labour-income/earnings-and-wages/Table%20WGS102%20Employee%20wage%20distribution%20by%20select%20characteristic-2022.xlsx>)

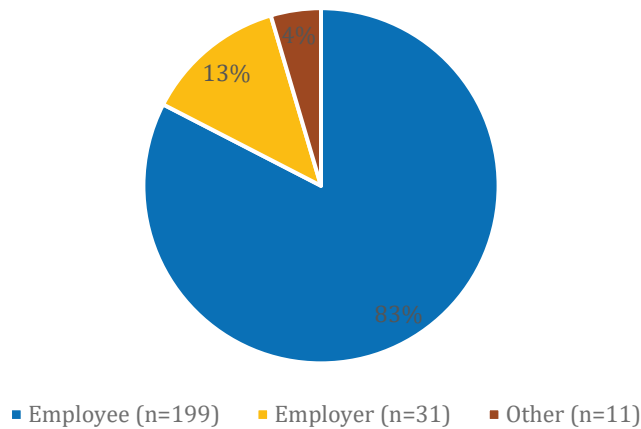
## Methodology

An online survey was available on the GNWT’s Open Engagement Portal from January 3 to January 30, 2024. In total, 240 individuals completed the survey, including 199 employees, 31 employers, and 11 respondents who identified as ‘other’. As respondents were given the option to skip questions, and there were questions that were only asked if a respondent identified themselves as an employee or employer, the total number of responses presented in each figure in this report varies.

Approaches used to inform the public of the engagement included a news release, email correspondence, social media content, and social media advertising.

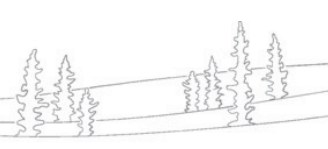
Not all employees who work in the NWT fall under the jurisdiction of the *Employment Standards Act*. The Act does not apply to federal government employees, public servants (i.e. GNWT employees) or workers in federally regulated industries such as airlines, banks, and most telecommunications operations.

Survey Respondents by Stakeholder Type



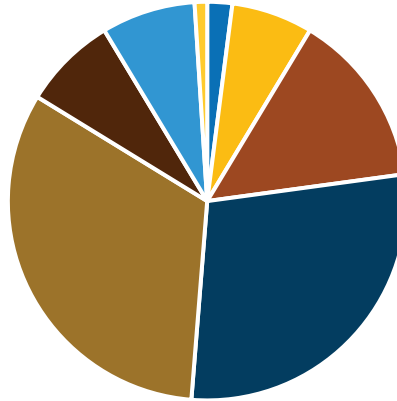
As the survey did not differentiate between types of employees or employers, several respondents may not be subject to the Act. Even so, they are included as stakeholders for the purposes of this engagement, as they perform work or operate in the NWT, and the Act and Regulations may have applied to them in the past or may apply to them in future employment.

To target the respondents who are impacted most by changes to the minimum wage, respondents who identified themselves as employees were asked about their hourly wage, and respondents who identified themselves as employers were asked whether they employed minimum wage earners.



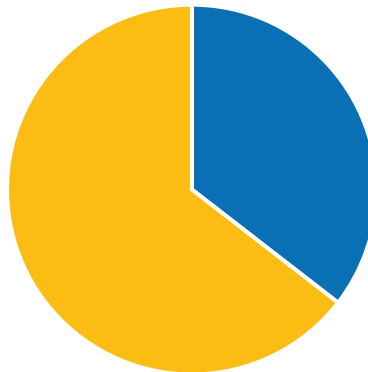
ECE considered employees who earned between \$16.05 and \$20.00<sup>2</sup> per hour and employers who employ minimum wage earners to be those most impacted by changes to the minimum wage. The responses from these groups have been included in this report where they differ significantly from the employee or employer group as a whole.

### Employees' Hourly Wages



- \$16.05/hour (n=4)
- \$16.06 - \$20.00 (n=13)
- \$20.01 - \$35.00 (n=28)
- \$35.01 - \$50.00 (n=56)
- \$50.00 and over (n=64)
- Not paid hourly (n=15)
- Prefer not to answer (n=15)
- Other (n=2)

### Employers Who Employ Minimum Wage Earners



- Employ Minimum Wage Earners (n=11)
- Do Not Employ Minimum Wage Earners (n=20)

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<sup>2</sup> Research on spillover effects of minimum wage raises suggests that raises to the minimum wage can result in wage increases to low-wage earners. Source: Report of the Expert Panel on Modern Federal Labour Standards, June 2019. (<https://www.canada.ca/content/dam/canada/employment-social-development/services/labour-standards/reports/expert-panel-final/expert-panel-final-report-20190826.pdf>)

# What We Heard

This section summarizes the survey responses of employees and employers based on the questions in the survey related to the minimum wage.

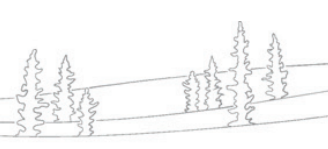
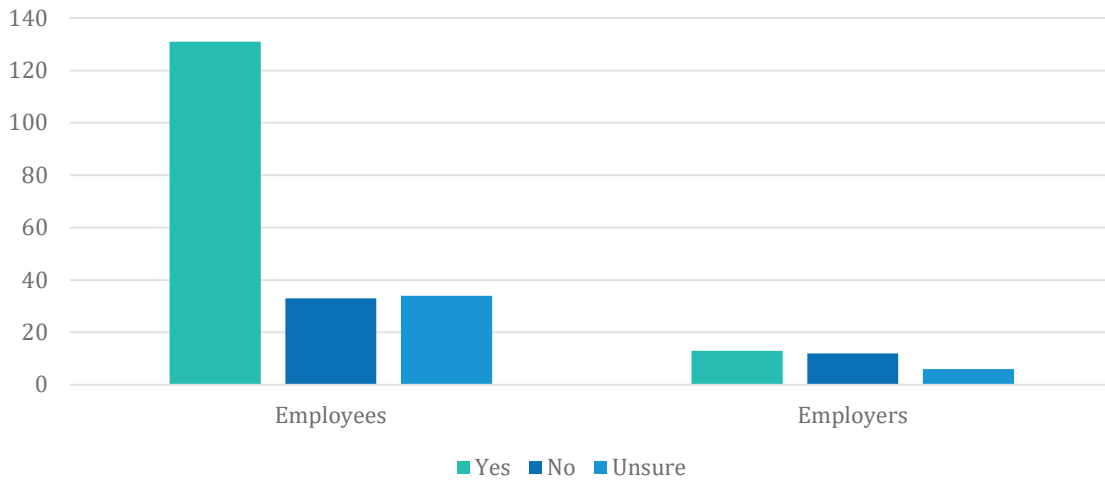
## Budgeting and Planning

Employers were asked whether the shift to an annual formula-based adjustment has been helpful for budgeting and planning purposes. A quarter (25.8%) of all employer respondents found the shift to an annual formula-based adjustment was helpful for budgeting purposes. Around half (45.5%) of employers who employ minimum wage earners found the change to a yearly increase assisted their financial planning.

## Adjusting the Minimum Wage Based on Statistical Indicators

Overall, the majority of all respondents (61.3%) indicated that they agreed with the minimum wage being adjusted annually based on statistical indicators such as the CPI and the average hourly wage. Employees favoured this approach over employers. More than half (54.5%) of employers who employ minimum wage earners favoured this approach.

Do you agree with the minimum wage being adjusted annually based on statistical indicators such as the CPI and AHW?



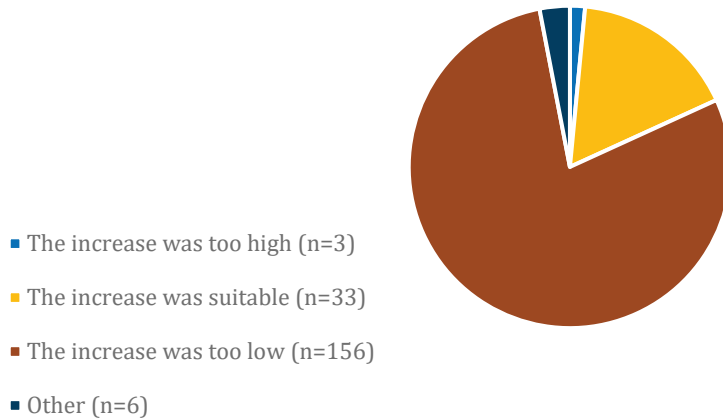


## Minimum Wage Increase in 2023

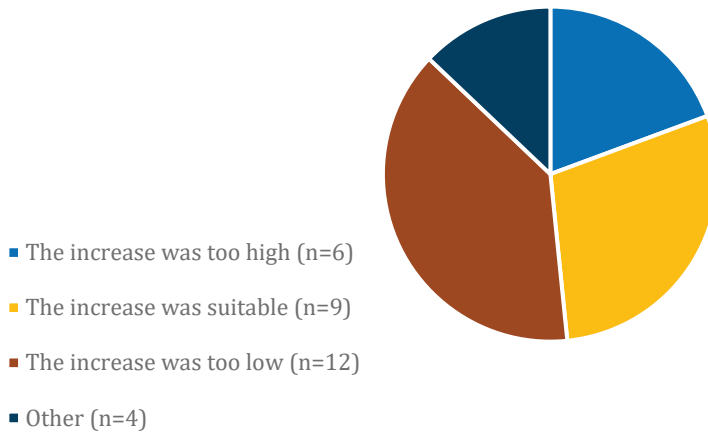
On September 1, 2023, the minimum wage went up \$0.85, from \$15.20 to \$16.05 per hour. Respondents were asked how they felt about the 2023 minimum wage increase.

The vast majority of employees (78.8%) thought the increase was too low. Employees commented on the high cost of living in the north and felt the minimum wage rate is not sufficient to survive.

How all employees felt about the 2023 minimum wage increase from \$15.20 to \$16.05 per hour?



How all employers felt about the 2023 minimum wage increase from \$15.20 to \$16.05 per hour?



Employers were divided on the question; half thought the increase was either too high (19.4%) or suitable (29.0%), while 38.7% thought the increase was too low. More employers who employ minimum wage earners thought the increase was too high (27.3%) than the overall employer group.

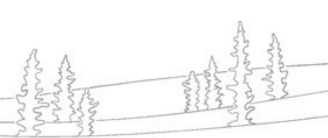
## Ranking Minimum Wage Factors

Respondents were asked to rank the importance of six factors when it comes to setting the minimum wage rate. Both employees and employers ranked “cost of living changes” as the most important and “other jurisdictions’ minimum wage rates” as the least important. Employees ranked “higher wages for employees” as the second most important factor, while employers ranked “impact of increased cost on employer” second.

Employees who earned between \$16.05 and \$20.00 per hour ranked “economic growth” higher than employee respondents overall; this group ranked “cost of living changes” as most important, while “economic growth” and “higher wages for employees” were tied for second most important.

Employers who employ minimum wage earners ranked “higher wages for employees” higher (3<sup>rd</sup> most important) than the overall employer group.

When it comes to setting the minimum wage rate, rank the following 6 factors with one being the most important:			
<b><u>Employees</u></b>		<b><u>Employers</u></b>	
<b><u>Factor</u></b>	<b><u>Average Rank</u></b>	<b><u>Factor</u></b>	<b><u>Average Rank</u></b>
<b>Cost of living changes</b>	<b>2.10</b>	<b>Cost of living changes</b>	<b>2.29</b>
<b>Higher wages for employees</b>	<b>2.92</b>	<b>Impact of increased costs on employer</b>	<b>3.14</b>
<b>Average wage rates in the NWT</b>	<b>3.52</b>	<b>Average wage rates in the NWT</b>	<b>3.55</b>
<b>Economic growth</b>	<b>3.57</b>	<b>Economic growth</b>	<b>3.62</b>
<b>Impact of increased costs on employer</b>	<b>4.10</b>	<b>Higher wages for employees</b>	<b>3.79</b>
<b>Other jurisdictions’ minimum wage rates</b>	<b>4.56</b>	<b>Other jurisdictions’ minimum wage rates</b>	<b>4.43</b>



## Additional Comments

Respondents were asked whether they had additional comments. These comments have been paraphrased and organized by theme.

### Cost of Living

- Many respondents emphasized the high cost of living in the NWT.
- Employees thought the minimum wage should increase as prices for goods and services go up.

### Living Wage

- Several employees stated that every worker should be able to afford the basic necessities to survive working a single full-time job.
- Some noted the minimum wage should be a ‘living wage’<sup>3</sup>, while others thought the minimum wage was keeping people in poverty.
- Employees also noted that workers should not need to work multiple jobs to make ends meet.

### Cost to Employers and Consumers

- Some respondents highlighted that costs for employers go up when the minimum wage increases, and that these costs get passed on to consumers as prices are driven up.
- Employers expressed that minimum wage increases cause other employees’ wages to increase as well.

### Different Minimum Wage for Different Workers

- Some respondents thought the minimum wage rate should vary based on the region/community in the NWT or the different type of worker, such as youth, part-time, or service-industry workers.

### Supports for Employers

- Respondents noted that there should be more supports for employers given the high cost of goods, labour shortages, and recent events like the Covid pandemic and evacuations, such as:
  - Wage supports
  - Reductions in the cost of rent for rental spaces
  - Elimination of the payroll and carbon taxes
- Employers also noted they are competing against high government wages.

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<sup>3</sup> A “living wage” is the hourly wage a worker needs to earn to cover their basic expenses and participate in their community. Source: Living Wage Canada (<https://www.livingwage.ca/>)

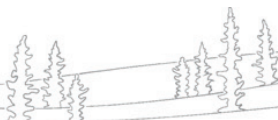
## Next Steps

ECE appreciates the participation and perspectives shared during this engagement. The feedback received confirmed that the cost of living in the Northwest Territories is a significant concern for employees and employers, and highlighted some of the struggles employees and employers are facing as a result.

The information in this report will contribute to ECE's assessment of the effects of the annual changes to the minimum wage using the new formula.

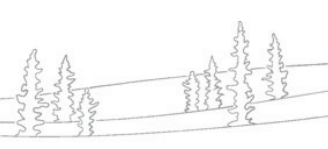
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ECE will seek public feedback again following the September 1, 2024 adjustment to the minimum wage rate.



# APPENDIX A

Average Weekly Hours by Hourly Wage Distribution	
Northwest Territories, 2022	
Hourly Wage	Weekly Hours
Less than \$15.99	24.6
\$16.00 - \$16.99	30.8
\$17.00 - \$19.99	30.0
\$20.00 - \$29.99	36.4
\$30.00 - \$39.99	37.5
\$40.00 - \$49.99	39.0
\$50.00 and over	38.6
Source: Statistics Canada, Labour Force Survey - Custom Tabulation	



## APPENDIX B

### Minimum Wage Rates and Setting Mechanisms for all Canadian PTs (as of April 01, 2024)

Jurisdiction	Current Rate	Effective Date	Change Method
NWT	\$16.05	Sept 1, 2023	Annual adjustment using formula based on CPI and AHW
Alberta	\$15.00	Oct 1, 2018	Ad hoc
British Columbia	\$16.75 \$17.40	June 1, 2023 June 1, 2024	Adjusted annually based on BC's CPI
Canada	\$17.30	April 1, 2024	Adjusted on April 1st based on Canada's CPI for the previous calendar year. Where a province or territory's minimum wage rate is higher, the higher rate will apply.
Manitoba	\$15.30	Oct 1, 2023	Indexed to annual provincial CPI (with a clause preventing decreases)
New Brunswick	\$15.30	April 1, 2024	Scheduled to increase annually by CPI
Newfoundland & Labrador	\$15.60	April 1, 2024	Minimum Wage Review Committee; scheduled increases until Oct 1, 2023
Nova Scotia	\$15.20	April 1, 2024	Scheduled increases up to \$15.20 on April 1, 2024, then adjusted annually with inflation plus an additional 1% annually
Nunavut	\$19.00	Jan 1, 2024	Ad hoc
Ontario	\$16.55 \$17.20	Oct 1, 2023 Oct 1, 2024	Indexed to annual provincial CPI beginning in 2020 (with a clause preventing decreases)
PEI	\$15.40 \$16.00	April 1, 2024 Oct 1, 2024	Ad hoc; Annual review of rates incl. consideration of economic factors, public consultation
Quebec	\$15.25	May 1, 2023	Formula that is based on 49% of average earnings
Saskatchewan	\$14.00 \$15.00	Oct 1, 2023 Oct 1, 2024	Scheduled \$1 increases until 2024. Typically, formula based on CPI and average hourly wage.
Yukon	\$17.59	April 1, 2024	Scheduled to increase annually by CPI until April 2025

