

Nunavut Essential Workers Wage Premium - CONTRIBUTION POLICY -

The Nunavut Essential Workers Wage Premium provides eligible employers in Nunavut with additional funding so that they pay their lower-wage employees more for the essential work they do. This policy sets out the main elements of the program, which is temporary in the context of the COVID-19 pandemic. The Government of Canada funds the territorial program as part of a national initiative. The Department of Finance administers the program in Nunavut.

POLICY STATEMENT

Nunavummiut benefit when workers who perform important tasks stay on the job.

The Government of Nunavut is committed to effectively delivering federal support for lower-wage Nunavummiut working in essential fields during the COVID-19 pandemic.

PURPOSE

The Nunavut Essential Workers Wage Premium encourages lower-wage workers in Nunavut to stay on the job despite new federal programs that offer financial support to those who are no longer working as a result of the COVID-19 pandemic.

By providing funds to eligible employers to pass along to eligible employees as additional wages, the Nunavut Essential Workers Wage Premium offers a financial incentive for lower-wage workers to continue to work during the COVID-19 pandemic. In this way, the program helps ensure important services remain operational during the COVID-19 health emergency.

PRINCIPLES

The policy is based on the following principles:

1. Piliqatigiinniq/Ikajuqtigiinniq: Working together for a common cause

The wage premium, which the Government of Canada funds, provides eligible employers in Nunavut with financial support to pass along to eligible employees in the form of higher wages.

2. Qanuqtuurniq: Being innovative and resourceful

The wage premium helps employers in Nunavut deliver essential services during the COVID-19 pandemic, preventing disruption of these services to Nunavummiut. The program is designed to allow adjustments to its parameters so the government may flexibly respond to evolving needs during the pandemic.

3. Pijitsirniq: Serving and providing for family and/or community

The wage premium's eligibility criteria prioritize employers that demonstrate the work they do enhances the wellbeing and health of Nunavut's communities.

DEFINITIONS

The following terms are used throughout this policy and related material.

Eligible Employer

For the purposes of the wage premium, an *eligible employer* means an organization, other than a public institution, that:

- Operates within an *eligible sector* in Nunavut

and that, as of April 1, 2020, was:

- Registered under the *Legal Registries Act*;
- Registered under the *Payroll Tax Act*;

A public institution means the territorial or federal government, or a public agency of either of these governments.

Eligible Sector

For the purposes of the wage premium, *eligible sector* means:

- A group of employers the Minister of Finance has identified as providing essential services to Nunavummiut, by virtue of the functions or tasks they perform, their impact on the local economy or communities, or other aspect.

Initially, eligible sectors shall include:

- employers that provide services of a health or social nature that are focused primarily towards serving vulnerable Nunavummiut and their communities.

The Minister may adjust the definition of an eligible sector or may identify additional eligible sectors over the term of the program based on the needs of Nunavut's economy and funding availability.

The Minister's consideration of essential services should align with Public Safety Canada's [*Guidance on Essential Services and Functions in Canada During the COVID-19 Pandemic*](#).

Generally, this means "services and functions considered essential to preserving life, health and basic societal functioning" in the specific context of Nunavut's communities and way of life. As examples, future eligible sectors could include, but are not limited to: food and retail services; transportation, logistics and supply; construction, mining and industry; arts, crafts and tourism; finance and administration; utilities and energy; safety and security;

Eligible Employee

For the purposes of the wage premium, eligible employee means:

- an individual who is legally employed in Nunavut by an *eligible employer*; and
- is regularly paid an amount that is equal or less than the *maximum eligible wage*.

Maximum Eligible Wage

The maximum eligible wage is the highest usual wage, expressed as dollars per hour (\$ / h), an employee may earn while being eligible to receive a wage premium under this program.

An individual who earns more than this amount is not eligible to receive a wage premium under this program.

The Minister of Finance may establish a *maximum eligible wage* for each *eligible sector*. The Minister may adjust the *maximum eligible wage* amounts over time based on program take-up, available federal funding, feedback from stakeholders, and other factors.

Recognizing that compensation schemes differ, and that not all employees are paid in simple dollar-per-hour terms, the Department of Finance may interpret reasonable equivalencies based on information they receive from applicants.

Wage Contribution

The *wage contribution* is the total amount of funding the Government of Nunavut provides an employer with respect to all *wage premiums* their eligible employees may receive over the qualifying period.

Wage Premium

An amount, expressed in dollars per hour (\$ / h), an eligible employee may receive in addition to their usual base wage through the Nunavut Essential Workers Wage Premium.

For each eligible employee, the Department of Finance will calculate the wage premium based on a formula approved by the Minister of Finance. The wage premium formula is as follows:

If the hourly wage is...	The wage premium formula is...
Less than or equal to \$22.50 / hour	= \$5.00
Between \$22.50 and \$25.00 / hour	= (-2 * Hourly Wage) + 50
Greater than or equal to \$25.00 / hour	= \$0 (no premium)

This formula can be expressed as the following schedule.

Schedule of Wage Premiums											
Hourly Wage	<=22.5	22.75	23.00	23.25	23.50	23.75	24.00	24.25	24.50	24.75	25.00
Wage Premium	5.00	4.50	4.00	3.50	3.00	2.50	2.00	1.50	1.00	0.50	0.00

The Minister of Finance may adjust this wage premium formula based on the current status of the public health crisis and federal funding availability.

Employer Administration Costs

An amount an eligible employer may receive in addition to the *wage premium* to recognize, in general terms, additional administrative and compensation costs facing the employer as a result of applying for and providing their employees with the wage premium. Specific examples of

employer costs include EI premiums (1.58% in 2020) and CPP employer contributions (5.25% in 2020). General examples include the time costs of the employer for applying to the program, adjusting employee wage rates, and working through audit and review requirements.

Qualifying Period

An *eligible employer* may receive funding for up to 16 weeks under this program.

The Minister of Finance may extend this period based on the length of the COVID-19 emergency, if funding is available.

The Minister may consider allowing retroactive payments to eligible employers that can clearly demonstrate they had already provided a wage premium of their own to their employees prior to this program but in the context of COVID-19, pending funding availability.

AUTHORITY AND ACCOUNTABILITY

Executive Council

All program provisions must be approved by the Executive Council.

ROLES AND RESPONSIBILITIES

Minister

The Minister of Finance is accountable to the Executive Council for the implementation of this policy.

Given the unique nature of this program (short-term, federally funded, and evolving in the context of the COVID-19 pandemic) the Minister may approve exceptions to the policy, so long as they meet the general intent of the program.

The Minister may also adjust operational parameters of this program, as set out in this policy. In particular, the Minister may define new *eligible sectors* so that the government may expand the impact of the program as funding allows.

The conditions that may influence that Minister's adjustments include:

- Volume of eligible employers and employees;
- Duration of the COVID-19 pandemic;
- Available funding

The Minister may delegate authority to adjust operational parameters to the Deputy Minister.

The Minister will inform other ministers when he adjusts operational parameters.

Deputy Minister

The Deputy Minister of Finance is accountable to the Minister for the administration of this policy.

Program Administration

The Department of Finance is responsible for administering this program.

Administration includes developing and implementing program policy and rules, making decisions and interpretations about eligibility and other matters, reporting program results,

establishing auditing and compliance mechanisms, liaising with federal sponsors, and all other aspects of running an effective program.

Federal Government

The Government of Canada is fully funding this program, which is part of a wider national program. As such, the GN's approach is subject to any terms and conditions they may apply, as well as federal funding choices. The Department of Finance Canada is the federal lead.

PROVISIONS

Eligibility

Only *eligible employers* may apply to the Government of Nunavut to receive wage contribution under the program.

Application Process

The Department of Finance shall establish, communicate and implement a process for organizations to apply to the program.

The intent of the application process is for organizations to:

- demonstrate whether and how they meet program eligibility criteria; and
- provide the information the Department of Finance needs to:
 - o determine which employees are eligible to receive a wage premium;
 - o calculate the wage premiums for each eligible employee;
 - o undertake verification, audit and other compliance measures to ensure the integrity of the program.

It is the applicant's responsibility to complete their application correctly.

An application that is not made through the established process or does not contain the required information may be considered incomplete. Employers whose applications are incomplete will not be eligible to receive a wage contribution under this program.

Collection and Use of Information

The Department of Finance may request, collect, and store information needed to effectively administer this program.

This includes information required to identify, verify and audit employers, and to make payments, such as:

- Employer Name
- Nature of services the organization provides
- Contact information
- GST number
- Government of Nunavut Payroll Tax Account number
- Government of Nunavut Vendor Number

- Direct deposit information

This also includes information required to verify the eligibility of employees and calculate wage premiums, such as:

- Employee name
- Social Insurance Number
- Usual wage rate
- Working hours

The Department will take steps to respect and protect the business and personal information it collects, including by:

- Limiting access to program details and employer information to Department of Finance employees involved directly with administering the program;
- Reporting metrics of the program in ways that protect recipient employees' personal information (e.g. names, identifiers)

Wage Premium Calculation and Payment Process

The Department of Finance shall establish and implement an internal process to:

- review applications;
- confirm employer eligibility based on approved criteria;
- calculate wage premiums based on approved formula;
- make payments to eligible employers;

The Department will take steps to ensure this process is clear, timely, fair, and accountable.

Contribution Agreement

Each payment shall be made by way of a standard contribution agreement between the Government of Nunavut, represented by the Department of Finance, and the eligible employer.

The contribution agreement shall include clauses that address the following:

- A declaration by the recipient as to the accuracy and truthfulness of the information they provide;
- Recognition that the employer has voluntarily applied for these funds;
- Recognition that the Government may collect and use information provided by the employer under this program to administer this program;
- Recognition of the Government's right to verify the information provided and audit contributions;
- Agreement by the employer to pass along all wage contributions to eligible employees;

- Agreement that surplus funds (funds paid to the employer as a wage contribution that are not then passed along to eligible employees) shall be repayable as a debt to the Government of Nunavut;
- Recognition that the Government of Nunavut's obligation to the employer is limited to the amount of funding provided to the employer under this program, and recognition that the Government of Nunavut will not be responsible for any additional amounts the employer may pass along to employees.
- Any other clause that may be required to improve the clarity, efficiency or integrity of the program, or to reflect evolving government requirements.

Wage Contribution Installments

The Department of Finance may withhold up to 20% of the calculated wage contribution payment pending results of a review under the program.

Employer Administration Costs

Recognizing that many eligible employers are small businesses already facing challenges due to COVID-19, the Department of Finance may, if available funding allows, provide eligible employers with an additional amount to recognize the additional employer and administrative costs they may incur as a result of this program. Examples of employer costs include, for illustration, EI premiums, CPP employer contributions, and general time and effort involved in application, administration, and verification related to the program. The maximum allowable amount of employer administrative costs is 10% of the wage contribution.

Audit and Compliance

To promote compliance, the Department of Finance will establish processes to verify and audit the administration and delivery of this program.

The Department may require recipient employers to demonstrate how they passed along wage contributions to their eligible employees to ensure all funds reach individuals as intended. As part of this, the Department may request of recipient employers' payroll statements or similar documents. The Department may also reference returns filed under the *Payroll Tax Act*.

To maintain the integrity of the program, employers will be required to repay amounts paid to them under the wage premium if they are unable to demonstrate that they provided funds to eligible employees.

The Department shall clearly inform applicants of the possibility of audit and repayment as part of the application process.

Program Reporting and Metrics

The Department of Finance shall take reasonable steps to report the main outcomes of this program to:

- The Minister of Finance
- Executive Council / Financial Management Board
- Members of the Legislative Assembly
- Nunavummiut

- The Government of Canada (Finance Canada)

Program Costs

The total cost of the Nunavut Essential Workers Wage Premium shall be no more than the maximum amount the Government of Canada may make available for this program. The Department of Finance shall design a program that fits within this amount.

The Minister of Finance may adjust program parameters to ensure the total cost of the program does not exceed the available amount, while maintaining the core policy intent of the program.

Program Term

The Nunavut Essential Workers Wage Premium shall expire September 30, 2020, unless extended by the Minister of Finance.

PREROGATIVE OF CABINET

Nothing in this policy shall in any way be construed to limit the prerogative of the Executive Council to make decisions or take actions respecting wage premium contributions outside the provisions of this policy.