



## BACKGROUND INFORMATION

The Nunavut *Labour Standards Act* (the “Act”) regulates employment relationships that fall under territorial jurisdiction. It was adopted from the Northwest Territories upon the formation of Nunavut on April 1, 1999. The Act establishes basic minimum standards of compensation and conditions of employment for most workplaces in Nunavut, including the establishment of a minimum wage rate in the territory. The rate in Nunavut also applies to federally regulated employees working in the territory since the Government of Canada defines the applicable minimum wage under *Part III – Labour Standards of the Canada Labour Code* as the rate of the province or territory where the work is performed.

The **minimum wage rate** is a basic labour standard that sets the lowest rate that an employer can pay to employees working on an hourly basis that fall within territorial jurisdiction. A main purpose of establishing a minimum wage rate is to protect non-unionized workers in unskilled jobs. The minimum wage rate requires review and adjustments from time to time to take into account changing economic and/or social conditions. The minimum wage rate in Nunavut is set out in Section 12 of the Act, which may be revised by regulation.

In 2002, the Act was amended to require the Minister to review the minimum wage rate annually and report the results to the Legislative Assembly (Section 12.1 of the Act). This report has been prepared in accordance with this requirement.

## MINIMUM WAGE RATE REVIEW (2016)

As of December 31<sup>st</sup>, 2016, the minimum wage rate in Nunavut was \$13.00 per hour as per Section 12 of the *Labour Standards Act* (the “Act”):

### Minimum rate of wages

12.(1) Subject to this Part, an employer shall pay to each employee a wage at a rate not less than the rate referred to in subsection (1.1) or not less than the equivalent of that rate for the time worked by the employee.

### Amount

(1.1) The minimum rate of wages to be paid by an employer in Nunavut is the greater of \$13 an hour and the prescribed rate.

### Minimum on basis other than time

(2) Where the wages of an employee are computed and paid on a basis other than time or on a combined basis of time and some other basis, the Board may, by order,

(a) fix a standard basis of work to which a minimum wage on a basis other than time may be applied; and

(b) fix a minimum wage that, in the opinion of the Board, is equivalent to the minimum rate of wages referred to in subsection (1.1)

## I. Updates in 2016

### Increase in Nunavut’s Minimum Wage

Effective April 1<sup>st</sup>, 2016, the minimum wage increased from \$11.00 to \$13.00 per hour. This increase was set during the Fall 2015 session of the Legislative Assembly when Section 12 of the Act was amended. At \$13.00 per hour, Nunavut once again has the highest minimum wage rate in Canada (see attached **Table 1**).

Nunavut has had the highest minimum wage rate in Canada since 2003 when it was then set at \$8.50 per hour), with subsequent increases in 2008 (\$10.00 per hour), and 2011 (\$11.00 per hour) (see attached **Table 2**)

In setting the new minimum wage at \$13.00 per hour, the Department of Justice researched rates and processes in other jurisdictions, reviewed data on the costs of living in Nunavut, and consulted with numerous businesses and organizations across the territory to determine an appropriate increase.

## II. Review of the Minimum Wage Rate

### **Labour Standards Considerations**

No Labour Standards applications or complaints have been filed in relation to the new \$13.00 per hour minimum wage. The Labour Standards Compliance Office received some general inquiries about the minimum wage by telephone and in-person at trade shows to confirm the new rate. Overall, the office has received positive feedback with respect to the 2016 increase. Further, it appears the new minimum wage rate is commonly known among employers and employees.

### **Measuring inflation and the costs of living in Nunavut**

Various statistics and measures assist in evaluating the minimum wage rate in Nunavut.

#### Consumer Price Index

The Consumer Price Index (CPI) is a measure of inflation. It measures the changes in consumer prices over a period of time. The CPI compares the cost of a fixed basket of commodities the data used is collected by survey. It is produced on a monthly basis by Statistics Canada. The percentage change from one point in time to the next is known as the 'rate of inflation' (or 'rate of deflation' if there is a decrease).

There is currently no Nunavut-wide measure of CPI or within communities other than Iqaluit. Since CPI in Nunavut is only measured for Iqaluit, it may not necessarily be reflective of inflationary and the cost of living changes in all Nunavut communities. According to Statistics Canada, the CPI for Iqaluit increased by **2.5%** from December 2015 to December 2016. This compares to a 1.5% increase in Canada's national CPI over the same period. See attached **Table 3** for historical changes in the annual average CPI for Iqaluit from 2003 to 2016.

#### Nunavut Food Price Survey

Each year the Nunavut Bureau of Statistics surveys the price of select retail items, mostly food products, in all 25 communities. The prices and any changes over time (increasing or decreasing) can provide some indication of trends in the cost of living in a community and Nunavut overall.

In March 2016, the Nunavut Bureau of Statistics conducted a Food Price Survey looking at 24 select grocery items, which demonstrated that the overall costs in Nunavut for

these items increased by **4.6%** between March 2015 and March 2016. Most communities experienced overall increases with Resolute (17.3%) and Iqaluit (12.9%) seeing the highest increases. Five communities experienced decreases with the greatest overall decreases occurring in Hall Beach (-4.5%) and Kugluktuk (-2.7%). For the tables showing food prices for all 25 Nunavut communities see the Nunavut Bureau of Statistics' "2016-2015 Nunavut Food Price Survey, Comparison of 24 Select Food Items Basket" located at <http://www.gov.nu.ca/eia/information/economic-data>.

## **Comparing Minimum Wage to Income Support**

An important policy reason in setting a minimum wage is to provide a financial incentive for people to enter into the workforce rather than remain on social assistance. The minimum wage rate must be high enough in comparison to income support benefits to encourage those able to work to seek employment.

By increasing the minimum wage to \$13.00 per hour, Nunavummiut can now earn the following gross monthly income (based on a 40 hour work week):

- Single Family Member working at minimum wage      \$2,253.33
- Two Family Members working at minimum wage      \$4,506.66

Individuals on income support can receive monthly food allowances. Unlike wage income, the amount of income assistance is affected by the number of dependent family members. Also, individuals with no dependents have a \$200.00 working income exemption and those with dependents have a \$400.00 working income exemption. Below are the figures for the income support monthly food allowance, which vary depending on community:

- Single Family Member      \$344.00 to \$409.00
- Two Family Members      \$628.00 to \$745.00
- Three Family Members      \$884.00 to \$1,048.00
- Four Family Members      \$1,113.00 to \$1,324.00

## **National trends in Minimum Wage**

Some provinces have already announced future plans to increase their minimum wage:

- Alberta – \$13.60 per hour on October 1, 2017; followed by \$15.00 per hour on October 1, 2018.
- British Columbia – \$11.25 per hour on September 15, 2017.
- Newfoundland/Labrador – \$10.75 per hour on April 1, 2017; followed by \$11.00 per hour on October 1, 2017.

Some provinces and territories also require regular minimum wage adjustments by way of a set formula. These adjustments usually take effect on the same date each year. Four provinces and one territory use a set formula to calculate minimum wage. All of these jurisdictions expressly link their minimum wage increases to CPI by way of statute, regulation or policy:

- Nova Scotia – Under a regulation, the minimum wage rate is automatically set on April 1<sup>st</sup> by a formula based on the national CPI rounded to the nearest \$0.05.
- Ontario – Under a statute, the minimum wage is automatically set on October 1<sup>st</sup> by a formula based on the CPI for Ontario.
- Saskatchewan – Under a regulation, the minimum wage is set on October 1<sup>st</sup> by a formula based on the CPI for Saskatchewan and average hourly wage in the province. Increases are subject to Cabinet approval.
- Yukon – Under an Order of the Labour Standards Board and subsequent regulation, the minimum wage is automatically set on April 1<sup>st</sup> by a formula based on the CPI for Whitehorse.
- British Columbia – Under a labour standards policy the minimum wage is adjusted on September 15<sup>th</sup> based on the CPI rate.

Until May 2015, Alberta also linked its minimum wage increases to CPI. However, the current government abandoned this approach as part of its policy commitment to achieve a minimum wage of \$15.00 per hour by October 2018.

Other provinces and territories, including Nunavut, do not have a specific formula or commitment to using CPI to calculate minimum wage increases. A challenge for smaller jurisdictions in adopting this CPI-based approach is that local CPI figures may fluctuate more dramatically from year to year due to the smaller sample size, while applying the national CPI rate may not be representative. Also, more frequent and incremental changes in the minimum wage could result in more violations by employers, intentional and unintentional, especially among small and local businesses.

### **Assessment of the Minimum Wage**

Following amendments to the *Labour Standards Act* in the Fall 2015, changes to the minimum wage can now be made by regulation. This allows for more frequent and timely reviews and adjustments to the minimum wage rate without the need to engage the full statutory amendment process and its timelines.

However, with the significant \$2.00 increase (or +18%) in the minimum wage to \$13.00 per hour, effective April 1<sup>st</sup>, 2016, no further increases in the minimum wage were recommended for 2016 or early 2017. Additionally, the Department of Justice's

calculation of a suitable minimum wage based on inflation and food prices figures was \$12.78 per hour for 2016. Therefore, \$13.00 per hour should remain appropriate well into 2017.

The Department of Justice will continue to assess the minimum wage including changes in CPI (Canada-wide and Iqaluit), increases in food and other prices in Nunavut, and the planned minimum wage increases in other Canadian jurisdictions in 2017. Department officials will also continue to review options for adjusting the minimum wage by regulation in future years, including consideration of the formula-based process done in some other Canadian jurisdictions.

## **Statistical Information**

### **Table 1**

- Minimum wage rates across Canada as of December 31<sup>st</sup>, 2016

### **Table 2**

- Minimum Wage Rate Changes in Nunavut since 1999

### **Table 3**

- Consumer Price Index for Iqaluit, 2003 to 2015



**Table 1**

**Minimum Wage Rates in Canada (as of December 31<sup>st</sup>, 2016)**

JURISDICTION	HOURLY RATE	EFFECTIVE DATE
FEDERAL	REPLACED BY PROVINCIAL / TERRITORIAL RATES	JULY 1 <sup>ST</sup> , 1996
BRITISH COLUMBIA	\$10.85	SEPTEMBER 15 <sup>th</sup> , 2016
ALBERTA	\$12.20	OCTOBER 1 <sup>ST</sup> , 2016
SASKATCHEWAN	\$10.72	OCTOBER 1 <sup>ST</sup> , 2016
MANITOBA	\$11.00	OCTOBER 1 <sup>ST</sup> , 2015
ONTARIO	\$11.40	OCTOBER 1 <sup>ST</sup> , 2016
QUEBEC	\$10.75	MAY 1 <sup>ST</sup> , 2016
NEW BRUNSWICK	\$10.65	APRIL 1 <sup>ST</sup> , 2016
PRINCE EDWARD ISLAND	\$11.00	OCTOBER 1 <sup>ST</sup> , 2016
NOVA SCOTIA	\$10.70	APRIL 1 <sup>ST</sup> , 2016
NEWFOUNDLAND & LABRADOR	\$10.50	OCTOBER 1 <sup>ST</sup> , 2015
YUKON	\$11.07	APRIL 1 <sup>ST</sup> , 2016
NORTHWEST TERRITORIES	\$12.50	JUNE 1 <sup>ST</sup> , 2015
NUNAVUT	\$13.00	APRIL 1 <sup>ST</sup> , 2016

*Note:* The above are the general minimum wages rates in each jurisdiction. Some jurisdictions have different rates based on regional and occupational considerations and some have lower rates for students, inexperienced workers, and/or employees receiving gratuities.

*Source:* Government of Canada, Current and Forthcoming Minimum Hourly Wage Rates For Experienced Adult Workers in Canada, <http://srv116.services.gc.ca/dimt-wid/sm-mw/rpt1.aspx> (Accessed January 30, 2017).

**Table 2**

**Minimum Wage Rate Changes in Nunavut Since 1999**

<b>HOURLY RATE</b>	<b>EFFECTIVE DATE</b>	<b>INCREASE</b>	<b>% CHANGE</b>
<b>\$7.00/\$6.50*</b>	<b>APRIL 1<sup>ST</sup>, 1999</b>	<b>n/a</b>	<b>n/a</b>
<b>\$8.50</b>	<b>MARCH 3<sup>RD</sup>, 2003</b>	<b>\$1.50/\$2.00</b>	<b>21.4%/30.8%</b>
<b>\$10.00</b>	<b>SEPTEMBER 5<sup>TH</sup>, 2008</b>	<b>\$1.50</b>	<b>17.7%</b>
<b>\$11.00</b>	<b>JANUARY 1<sup>ST</sup>, 2011</b>	<b>\$1.00</b>	<b>10.0%</b>
<b>\$13.00</b>	<b>APRIL 1<sup>ST</sup>, 2016</b>	<b>\$2.00</b>	<b>18.2%</b>

*\*Note:* From 1999 to 2003, based on the previous laws of the Northwest Territories, Nunavut had two minimum wage rates for adults with \$7.00 per hour applying to employees 16 years of age or older and \$6.50 per hour applying to employees 16 years of age or older in areas “distant from the highway system”.

**Table 3**

**Annual Average Consumer Price Index (CPI) for Iqaluit, 2003 to 2016**

<b>YEAR</b>	<b>ANNUAL AVERAGE</b>	<b>% CHANGE FROM PREVIOUS YEAR</b>
<b>2003</b>	100.2	-
<b>2004</b>	101.2	1%
<b>2005</b>	102.9	1.7%
<b>2006</b>	104.6	1.7%
<b>2007</b>	107.9	3.2%
<b>2008</b>	110.4	2.3%
<b>2009</b>	112.6	2%
<b>2010</b>	111.8	-0.7%
<b>2011</b>	113.4	1.4%
<b>2012</b>	115.3	1.7%
<b>2013</b>	116.6	1.1%
<b>2014</b>	118.1	1.3%
<b>2015</b>	120.4	1.9%
<b>2016</b>	123.4	2.5%

For more statistical information contact the Nunavut Bureau of Statistics at:

- <http://stats.gov.nu.ca/en/Economic%20prices.aspx>