

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 31st, 2018, 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 2018

Increase in Nunavut’s Minimum Wage

Effective April 1st, 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.

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 **3.5%** from December 2017 to December 2018. This compares to a 2.0% 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 2018.

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 2018, the Nunavut Bureau of Statistics conducted a Food Price Survey "StatsUpdate" looking at 24 select grocery items. From the StatsUpdate:

*Generally, the averaged percentage price of 24 select food items in Nunavut increased marginally by **1.8%** which contrasts with the slight percentage price drop (1.1%) experienced previously in 2016-2017. The highest percentage price increases for the period 2017-2018 were registered in Grise Fiord (16%), followed by Kugaaruk (14%), Baker Lake (11%) and Rankin Inlet (10%). On the other hand, price reductions were observed in approximately half of the communities during this period. The highest price*

decrease of 8% was encountered in Hall Beach while Taloyoak had the second highest decrease (6%). A few of the communities recorded relatively low price declines of less than 2%. They include Arviat, Qikiqtarjuaq, Nauyasat, Cambridge Bay, Whale Cove and Gjoa Haven. Chesterfield Inlet which posted the highest price increase during the previous 2016-2017 period registered no price changes during 2017-2018, thus maintaining the same price levels over the years. Iqaluit, the territorial capital and largest settlement in Nunavut recorded a percentage price rise of 6% in 2017-2018. A number of variables partially explain the differential food price levels in Nunavut. They include fluctuating food availability in communities that result from periodic supply interruptions which in turn emanate from weather-related flight disruptions, the small number of communities covered in the survey and the consecutive year to year price variations.¹

For the tables showing food prices for all 25 Nunavut communities see the Nunavut Bureau of Statistics' "Food Price Survey – 2016-2017 Price Difference StatsUpdate, 2017" located at:

<http://www.gov.nu.ca/eia/information/economic-data>.

Comparing Minimum Wage to Income Assistance

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 Income Assistance. The minimum wage rate must be high enough in comparison to Income Assistance 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

Unlike wage income, the amount of Income Assistance a client can receive is dependent on the number of family members and the community one resides in. In July 2018, as part of the broader reform of Income Assistance, and in an effort to better support Nunavummiut, the Government of Nunavut increased the amount of basic benefits that individuals and families can receive. Below are the figures for the monthly basic benefits, which vary depending on community:

- Single Family Member \$682.00 to \$782.00
- Two Family Members \$866.00 to \$986.00
- Three Family Members \$1,079.00 to \$1,222.00

¹ Food Price Survey – 2017-2018 Price Difference StatsUpdate, 2018. Accessed March 7, 2019

- Four Family Members \$1,373.00 to \$1,553.00

Also, individuals with no dependents have a \$200.00 working income exemption (plus 50% of the rest up to \$600) and those with dependents have a \$400.00 working income exemption (plus 50% of the rest up to \$600).

National trends in Minimum Wage

By the end of 2018 several jurisdictions had minimum wages that were either at par with or surpassed Nunavut's minimum wage. A full comparison of minimum wages across Canada can be found in table 1 below.

Additionally, the governments of British Columbia, New Brunswick, Nova Scotia, Prince Edward Island and Quebec have prepared for future increases as below:

British Columbia

June 1, 2019 - \$13.85

June 1, 2020 – \$14.60

June 1, 2021 - \$15.20

New Brunswick

April 1, 2019 - \$11.50

Nova Scotia

April 1, 2019 - \$11.55

Prince Edward Island

April 1, 2019 - \$12.25

Quebec

May 1, 2019 - \$12.50

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.

Given the large increase in the CPI for Iqaluit, increases across Nunavut in the food price survey, and trends across Canada in the other provinces and territories to a higher minimum wage, it is recommended that the Department consults with Nunavummiut to prepare for an increase in the Minimum Wage in the fall of 2019.

Statistical Information

Table 1

- Minimum wage rates across Canada as of December 31st, 2018

Table 2

- Minimum Wage Rate Changes in Nunavut since 1999

Table 3

- Consumer Price Index for Iqaluit, 2003 to 2018

Table 1

Minimum Wage Rates in Canada (as of December 31st, 2018)

JURISDICTION	HOURLY RATE	EFFECTIVE DATE
FEDERAL	REPLACED BY PROVINCIAL / TERRITORIAL RATES	JULY 1 ST , 1996
BRITISH COLUMBIA	\$12.65	JUNE 1 ST , 2018
ALBERTA	\$15.00	OCTOBER 1 ST , 2018
SASKATCHEWAN	\$11.06	OCTOBER 1 ST , 2018
MANITOBA	\$11.35	OCTOBER 1 ST , 2018
ONTARIO	\$14.00	OCTOBER 1 ST , 2018
QUEBEC	\$12.00	MAY 1 ST , 2018
NEW BRUNSWICK	\$11.25	APRIL 1 ST , 2018
PRINCE EDWARD ISLAND	\$11.55	APRIL 1 ST , 2018
NOVA SCOTIA	\$11.00	APRIL 1 ST , 2018
NEWFOUNDLAND & LABRADOR	\$11.15	APRIL 1 ST , 2018
YUKON	\$11.51	APRIL 1 ST , 2018
NORTHWEST TERRITORIES	\$13.46	APRIL 1 ST , 2018
NUNAVUT	\$13.00	APRIL 1 ST , 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.

Table 2

Minimum Wage Rate Changes in Nunavut Since 1999

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

**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 2018

YEAR	ANNUAL AVERAGE	% CHANGE FROM PREVIOUS YEAR
2003	100.2	-
2004	101.2	1%
2005	102.9	1.7%
2006	104.6	1.7%
2007	107.9	3.2%
2008	110.4	2.3%
2009	112.6	2%
2010	111.8	-0.7%
2011	113.4	1.4%
2012	115.3	1.7%
2013	116.6	1.1%
2014	118.1	1.3%
2015	120.4	1.9%
2016	123.4	2.5%
2017	125.4	1.6%
2018	129.2	3.0%