



Department of Justice
Government of Nunavut

Minimum Wage Rate

Annual Report

2019

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. The minimum wage 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 the lowest rate that an employer can pay to employees working on an hourly basis. 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 in order to take into consideration 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 that requirement.

Minimum Wage Rate Review

As of December 31, 2019, the minimum wage rate in Nunavut was \$13.00 per hour as per section 12 of 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)

Increase in Nunavut's Minimum Wage

Effective April 1, 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 September 2019, the Department of Justice launched a survey to engage the general public in discussions about minimum wage. Over 450 surveys were submitted by Nunavummiut. An overwhelming 93% of survey respondents stated that the current minimum wage needed a significant increase.

The Department of Justice also created a phone survey to ask Nunavut- based businesses about the impact that a higher minimum wage would have on their business. The survey was open for the month of October 2019, and a total of 10 business responded. When asked what an ideal minimum wage would be, the majority (30%) responded with \$16/hr. Responses varied when asked how much time was needed to prepare for a minimum wage increase. Approximately 40% stated no time was needed to prepare for an increase, whereas 30% required six months. Lastly, 70% of businesses preferred a phased-in increase instead of a full increase at once. Although it was a small sample size to draw from, the ten businesses provided insights on implementation of a minimum wage increase and the impact this increase would have among Nunavut businesses.

Review of the Minimum Wage Rate

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 (CPI):

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. 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 within communities other than Iqaluit. Since CPI in Nunavut is only measured for Iqaluit, it may not necessarily be reflective of inflation and the cost of living changes in all Nunavut communities. According to Statistics Canada, the CPI for Iqaluit increased by 1.7% from December 2018 to December 2019. This compares to a 1.9% increase in Canada’s national CPI over the same period. (Table 3 attached with annual CPI average for Iqaluit from 2003 to 2019).

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 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, Naujaat, 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 – 2017-2018 Price Difference StatsUpdate, 2018" located at:

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

Labour Standards Considerations

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

¹ Food Price Survey – 2017-2018 Price Difference StatsUpdate, 2018. Accessed March 3, 2020

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

In addition, 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

It is generally accepted in Canada that the minimum wage should fall between 50% to 60% of the median hourly rate. Nunavut's current minimum wage is at 43% of the median hourly rate of \$30.00/hour. This is the second lowest rate across Canada, slightly ahead of the Northwest Territories at 40%. There is universal agreement that the current minimum wage in the territory is insufficient to meet the needs of Nunavummiut and must be increased.

By the end of 2018, several jurisdictions had minimum wages that were either on 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 of 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 in a full statutory amendment process.

When setting a new minimum wage, the Department of Justice researches rates and processes in other jurisdictions, reviews data on the costs of living in Nunavut, and consults with numerous businesses and organizations across the territory to determine an appropriate increase.

Community consultations held in September 2019 showed that Nunavummiut want a higher minimum wage due to the high cost of living within the territory. Additionally, the results received from the business survey conducted in October 2019 showed that many businesses were also in favour of a minimum wage increase.

In addition to the public support for an increase to the minimum wage, the CPI for Iqaluit has increased consistently every year since the minimum wage was last reviewed in 2015. In that time, the CPI has increased by 8.8%. The Nunavut food price survey has also shown an increase in food prices in every community in Nunavut. The minimum wage has increased significantly across Canada, particularly in jurisdictions such as Alberta and Ontario which have much lower costs of living. In looking at the standard method of determining minimum wage across the country, as identified in the “national trends” section above, this would place the appropriate amount at \$15-18 per hour. All indicators would suggest that an increase to the minimum wage in Nunavut is appropriate at this time.

Statistical Information

Table 1	Minimum wage rates across Canada as of December 31, 2019
Table 2	Minimum Wage Rate Changes in Nunavut since 1999
Table 3	Consumer Price Index for Iqaluit, 2003 to 2019

Minimum Wage Rates in Canada as of December 31st, 2019

JURISDICTION	HOURLY RATE	EFFECTIVE DATE
FEDERAL	REPLACED BY PROVINCIAL / TERRITORIAL RATES	JULY 1 ST , 1996
BRITISH COLUMBIA	\$13.85	JUNE 1 ST , 2019
ALBERTA	\$15.00	OCTOBER 1 ST , 2018
SASKATCHEWAN	\$11.32	OCTOBER 1 ST , 2019
MANITOBA	\$11.65	OCTOBER 1 ST , 2019
ONTARIO	\$14.00	OCTOBER 1 ST , 2018
QUEBEC	\$12.50	MAY 1 ST , 2019
NEW BRUNSWICK	\$11.50	APRIL 1 ST , 2019
PRINCE EDWARD ISLAND	\$12.25	APRIL 1 ST , 2019
NOVA SCOTIA	\$11.55	APRIL 1 ST , 2019
NEWFOUNDLAND & LABRADOR	\$11.40	APRIL 1 ST , 2019
YUKON	\$12.71	APRIL 1 ST , 2019
NORTHWEST TERRITORIES	\$13.46	APRIL 1 ST , 2018
NUNAVUT	\$13.00	APRIL 1 ST , 2016

Table 1: 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%
\$16.00	April 1st, 2020	\$3.00	23.0%

**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 2019

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%
2019	131.4	1.7%