



Department of Justice  
Government of Nunavut

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Minimum Wage Rate

Annual Report

2020

## 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 consider 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

Effective April 1<sup>st</sup>, 2020, the minimum wage increased from \$13.00 to \$16.00 per hour as per Section 5 of the *Labour Standards Act Wage Regulations*:

1) Section 5 is repealed and replaced by:  
5. The minimum rate of wages to be paid by an employer in Nunavut is \$16.00 per hour.  
(2) This section comes into force on the later of April 1, 2020, and the day on which these regulations are registered by the Registrar of Regulations.  
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## **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 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 inflation and the cost-of-living changes in all Nunavut communities. According to Statistics Canada, the CPI for Iqaluit decreased by **0.8%** from December 2019 to December 2020. This compares to a **0.7%** increase in Canada's national CPI over the same period. (Table 3 attached with annual CPI average for Iqaluit from 2006 to 2020).

### **Labour Standards Considerations**

No Labour Standards applications or complaints have been filed in relation to the \$16.00 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.

### **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 \$16.00 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      \$2,773.33

- Two Family Members working at minimum wage \$5,546.66

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

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**

The method used to determine minimum wage in Canada divides the minimum wage of a province by the median hourly rate. This number should fall between a range of 50% to 60% to be used as the minimum wage. Nunavut's current minimum wage is at 53% of the median hourly rate of \$30.00/hour. This is the second lowest percentage 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.

### **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.

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, by the Department of Justice have shown 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 who responded were in favour of a minimum wage increase.

In addition to the public support of an increase to the minimum wage, the CPI for Iqaluit has increased consistently every year since the last minimum wage was last reviewed for amendment 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 who have a much lower cost 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**

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

### **Minimum Wage Rates in Canada as of December 31<sup>st</sup>, 2019**

JURISDICTION	HOURLY RATE	EFFECTIVE DATE
FEDERAL	REPLACED BY PROVINCIAL / TERRITORIAL RATES	JULY 1 <sup>st</sup> , 1996
BRITISH COLUMBIA	\$13.85	JUNE 1 <sup>st</sup> , 2019
ALBERTA	\$15.00	OCTOBER 1 <sup>st</sup> , 2018

SASKATCHEWAN	\$11.32	OCTOBER 1 <sup>ST</sup> , 2019
MANITOBA	\$11.65	OCTOBER 1 <sup>ST</sup> , 2019
ONTARIO	\$14.00	OCTOBER 1 <sup>ST</sup> , 2018
QUEBEC	\$12.50	MAY 1 <sup>ST</sup> , 2019
NEW BRUNSWICK	\$11.50	APRIL 1 <sup>ST</sup> , 2019
PRINCE EDWARD ISLAND	\$12.25	APRIL 1 <sup>ST</sup> , 2019
NOVA SCOTIA	\$11.55	APRIL 1 <sup>ST</sup> , 2019
NEWFOUNDLAND & LABRADOR	\$11.40	APRIL 1 <sup>ST</sup> , 2019
YUKON	\$12.71	APRIL 1 <sup>ST</sup> , 2019
NORTHWEST TERRITORIES	\$13.46	APRIL 1 <sup>ST</sup> , 2018
NUNAVUT	\$13.00	APRIL 1 <sup>ST</sup> , 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 1 <sup>ST</sup> , 1999	n/a	n/a
\$8.50	MARCH 3 <sup>RD</sup> , 2003	\$1.50/\$2.00	21.4%/30.8%
\$10.00	SEPTEMBER 5 <sup>TH</sup> , 2008	\$1.50	17.7%
\$11.00	JANUARY 1 <sup>ST</sup> , 2011	\$1.00	10.0%
\$13.00	APRIL 1 <sup>ST</sup> , 2016	\$2.00	18.2%

\$16.00	April 1 <sup>st</sup> , 2020	\$3.00	23.0%
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*\*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, 2006 to 2020**

YEAR	ANNUAL AVERAGE	% CHANGE FROM PREVIOUS YEAR
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%
2020	131.2	-0.8%