



Department of Justice  
Government of Nunavut

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Minimum Wage Rate

Annual Report

2022 and 2023

## **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. Nunavut’s minimum wage rate may also apply to federal employees working in the territory, as the *Canada Labour Code* states that federal workers must be paid the higher of the federal minimum wage rate or 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 prescribed in section 12 of the Act but is periodically revised in the Act’s *Wage Regulations*.

In 2002, the Act was amended to require the Minister of Justice 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 in Nunavut**

As of December 31, 2023, the minimum wage rate in Nunavut was \$16.00 per hour.

**Effective January 1, 2024**, the minimum wage increased from \$16.00 to **\$19.00 per hour** following amendments to section 5 of the *Wages Regulations*.

Before January 2024, the most recent increase to Nunavut's minimum wage rate was in April 2020. Having monitored Nunavut's economic landscape since then, the Department of Justice conducted a detailed Minimum Wage Review (the "Review") in 2023. The Review was completed in the summer and fall of 2023 and identified proposals for adjusting the minimum wage rate.

### **Review of the Minimum Wage Rate**

The Department of Justice reviewed Nunavut's minimum wage rate given the changes in various economic, social, and other related factors, including inflation, labour trends, living costs, and COVID-19 supply chain-related constraints. The Review's objective was to comprehensively analyze the current minimum wage situation in Nunavut, consider key economic and social factors, and compare Nunavut's rate and circumstances with those in other jurisdictions to determine the appropriate measure(s) for adjusting the territory's minimum wage.

The Review process consisted of the following three key phases:

- in the first phase, reviewers conducted a thorough literature and document review of sources from Nunavut and other provinces and territories to assess the state of Nunavut's minimum wage environment. This included researching minimum wage data and related indicators from diverse sources such as reports, articles, and official records;
- in the second phase, reviewers used surveys and interviews to consult with employees, employers, and businesses across the territory. The consultations provided insights into the general situation of Nunavut's minimum wage and stakeholders' desired objectives, as well as an understanding of businesses' perspectives on labour cost increases, hiring, and retaining employees; and

- in the third phase, reviewers identified and analyzed options for adjusting the minimum wage rate, based on the findings from the research and consultations conducted in the previous two phases.

The Review made the following key findings regarding Nunavut's minimum wage rate:

- Nunavut required a minimum wage rate increase to help alleviate cost burdens on the territory's lowest income earners for necessities like food, housing, and transportation, which are generally higher in Nunavut than in any other Canadian jurisdiction;
- surveyed businesses and employees acknowledged that a \$16.00 per hour minimum wage was insufficient to guarantee the basic needs of Nunavummiut;
- more employee and employer respondents supported increasing the minimum wage to between \$20.00-20.99 than any other range option, though some businesses expressed concern over being able to absorb an increase in labour costs; and
- an increased minimum wage would likely improve the standard of living for many Nunavummiut by offsetting higher costs of living caused by the prolonged period of high inflation seen in Nunavut and across Canada.

## **National Trends**

At the beginning of 2023, Nunavut maintained the highest minimum wage of all provinces and territories, at \$16.00 per hour. However, as at October 1, 2023, the federal government and four provinces and territories had higher minimum wage rates: Federal (\$16.65), Yukon (\$16.77), British Columbia (\$16.75), Ontario (\$16.55), and the Northwest Territories (\$16.05). Since 2019, several jurisdictions have significantly increased their minimum wage rates: Yukon (+32%), Newfoundland and Labrador (+32%), Manitoba (+31%), Nova Scotia (+30%), New Brunswick (+28%), and Saskatchewan (+24%).

Canada experienced some of the most staggering inflation rates in its history following the pandemic. According to Statistics Canada's *Consumer Price Index: Annual review, 2022*, released on January 17, 2023, the Consumer Price Index (the "CPI") rose 6.8% on the annual budget basis in 2022, following gains of 3.4% in 2021 and 0.7% in 2020. The increase in 2022 was a 40-year high, the largest increase

since 1982 (+10.9%). Excluding energy, the annual average CPI rose 5.7% in 2022, compared with 2.4% in 2021.

The CPI is made of eight major components. According to Statistics Canada, these components are: food; shelter; household operations, furnishings, and equipment; clothing and footwear; transportation; health and personal care; recreation, education and reading; and alcoholic beverages, tobacco products, and recreational cannabis. Prices rose across the eight sectors in 2022, although prices in the most basic need sectors – such as transportation (+10.6%), food (+8.9%), and shelter (+6.9%) – rose the most.

## **Consultations**

Consultations consisted of surveys (quantitative) and interviews (qualitative).

Two surveys were conducted: one for employees, and the other for employers. The surveys could be completed online or on paper through a local Government Liaison Officer. The Government of Nunavut issued a public service announcement about the surveys on June 12, 2023. In total, 259 respondents from 24 communities took part in the employee survey, and 98 employers from 24 communities participated in the employer survey.

The Review noted the following highlights from the employee survey:

- when asked what Nunavut's minimum wage rate should be, more employees supported a range of \$20.00-20.99 per hour than any other option. The second most supported option was a range of \$25.00-25.99 per hour;
- many employees felt an increase in the minimum wage would increase the cost of goods and services, but also felt the economy and the standard of living would improve slightly; and
- many employees in Nunavut were uninterested in the factors (age, industry type, education level, etc.) that would call for a differentiated minimum wage structure.

The Review noted the following highlights from the employer survey:

- most respondents did not express significant concerns about increasing labour costs by implementing higher minimum wages, especially among small businesses;

- when asked what Nunavut's minimum wage rate should be, more employers supported a range of \$20.00-20.99 per hour than any other option indicating a recognition of the importance of increasing wages from the current level. The second most supported option was an hourly range of \$18.00-18.99. In general, employers understood that the \$16.00 minimum wage rate was insufficient to retain or hire the required labour force needed for their operations.

The interviews were completed with business representatives from key sectors in both the public and business domains across Nunavut. Some businesses expressed some concerns about the impact on labours costs and profits if minimum wage increased to \$20.00 per hour. Overall, smaller businesses were more supportive of increasing the minimum wage because they had reported already offering higher wages to attract and retain employees.

## **Measures and Options**

Various statistics and measures – including CPI and the Average or Median Hourly Wage – assist in evaluating the minimum wage rate in Nunavut.

Based on an analysis of the research, consultations, statistics and measures, and Review recommendations, the Department considered the following options for adjusting Nunavut's minimum wage:

- 1) Option #1 – Adjusted Median Hourly Wage: this approach would have set the minimum wage at a rate between 50%-60% of Nunavut's median hourly wage, which was \$35.90 as of May 31, 2023. This would have resulted in a minimum hourly wage range of \$17.95-21.54, with a median of **\$19.75** per hour. This would have been an hourly increase of \$3.75 or 23.4%. This is the approach Nunavut used for the last increase to the territory's minimum wage in April 2020.
- 2) Option #2 – Indexed to Iqaluit's CPI Rate: this approach would have set the minimum wage by increasing the \$16.00 hourly rate by 8.01%, which reflects the percentage change in Iqaluit CPI from April 2020 to May 2023. On May 31, 2023, this approach would have set Nunavut's minimum wage to **\$17.28** per hour. Other Canadian jurisdictions, including Yukon and the Northwest Territories, incorporate local CPI into their minimum wage adjustment formula.

However, for the territories, Statistics Canada only prepares a CPI rate for the capital cities, meaning there is no Nunavut-wide CPI.

- 3) Option #3 – Indexed to Federal CPI Rate: this approach would have set the minimum wage by increasing the \$16.00 hourly rate by 15.7%, which reflects the percentage change in federal CPI from April 2020 to May 2023. On May 31, 2023, this approach would have set Nunavut's minimum wage to **\$18.51** per hour.
- 4) Option #4 – Employee and Employer Consensus: this approach would have set the minimum wage in accordance with the rate range suggested by the highest number of employees and employers. The survey results indicated that more employee and employer respondents supported a minimum wage rate between \$20.00-20.99 – with a median of **\$20.50** – than any other range option. This would have resulted in an hourly increase of \$4.50 or 28.1%. This recommendation aligned with the many employees' perspective on improving living standards and meeting Nunavummiut's basic needs, and employers' with regards to balancing the impact on business profitability with the need to pay employees a fair wage.

### **Recommended Minimum Wage Increase**

Based on the Review, the Department of Justice recommended increasing Nunavut's minimum wage rate by \$3.00 (or 18.8%), from \$16.00 to \$19.00 per hour, effective January 1, 2024. The following considerations demonstrate why the proposed rate increase was appropriate:

- the new \$19.00 hourly rate is the approximate average of all of the minimum wage rates that resulted from the options in the Review;
- the new rate takes into account the employee and employer survey opinions and the percentage change to the Iqaluit CPI, without focusing exclusively on either factor;
- the \$3.00 hourly increase is proportional to the last increase in April 2020, when the minimum wage increased from \$13.00 per hour to \$16.00. The April 2020 increase demonstrated that Nunavut's business community can absorb the proposed increase;
- the percentage increase (18.8%) aligns with the average (20.2%) of those applied in all other Canadian provinces and territories from April 1, 2020 (Nunavut's last increase), to the end of

2023, with some jurisdictions experiencing much higher percentage increases (e.g., over 31% in Manitoba and 29% in Newfoundland and Labrador);

- the new wage rate benefits Nunavut's lowest income earners by increasing their standard of living and helping them meet their essential needs, without unduly impacting employers who would have difficulty adjusting to a \$20 minimum wage; and
- setting the minimum wage at \$19.00 per hour in 2024 creates a buffer for potential further and more incremental increases to the minimum wage, should inflation and cost of living continue to rise sharply over the coming year or two.

### **Comparing Minimum Wage to Income Assistance**

An important policy reason for setting a minimum wage is to provide a meaningful financial incentive for people to enter the workforce rather than remain on Income Assistance. To do so, earnings from the minimum wage rate must be high enough compared to amounts received through Income Assistance to encourage those who are able to work to seek employment.

By increasing the minimum wage rate to \$19.00 per hour, Nunavummiut earning the minimum wage can now earn the following gross monthly income (based on a 40-hour work week):

- Single Family Member working at minimum wage    \$3,293
- Two Family Members working at minimum wage    \$6,587

Unlike wage income, the amount of Income Assistance a client can receive depends on the number of family members and the community in which they reside. Below are the figures for the monthly basic benefits, which vary depending on community:

- Single Family Member    \$914 to \$1,048
- Two Family Members     \$866 to \$1,160
- Three Family Members     \$1,079 to \$1,637
- Four Family Members    \$1,373 to \$2,081
- Ten Family Members    \$3,589 to \$4,037



## **Review of Indexing the Rate**

In 2024, the Department of Justice will review the possibility of indexing future minimum wage increases to a formula based on key indicators for cost of living and inflation in Nunavut, to ensure more consistent and regular adjustments going forward. Similar measures have been applied in other provinces and territories, including Yukon and the Northwest Territories.

## Statistical Information

<b>Table 1</b>	Minimum Wage Rates in Canada as of December 31, 2023
<b>Table 2</b>	Minimum Wage Rate Changes in Nunavut Since 1999
<b>Table 3</b>	Average Annual Consumer Price Index for Iqaluit, 2003 to 2023

**Table 1: Minimum Wage Rates in Canada as of December 31, 2023**

<b>JURISDICTION*</b>	<b>HOURLY RATE</b>	<b>EFFECTIVE DATE</b>
<b>Federal</b>	\$16.65 (or higher to match province or territory rate)	April 1, 2023
<b>British Columbia</b>	\$16.75	June 1, 2023
<b>Alberta</b>	\$15.00	June 26, 2019
<b>Saskatchewan</b>	\$14.00	October 1, 2023
<b>Manitoba</b>	\$15.30	October 1, 2023
<b>Ontario</b>	\$16.55	October 1, 2023
<b>Quebec</b>	\$15.25	May 1, 2023
<b>New Brunswick</b>	\$14.75	April 1, 2023
<b>Prince Edward Island</b>	\$15.00	October 1, 2023
<b>Nova Scotia</b>	\$15.00	October 1, 2023
<b>Newfoundland &amp; Labrador</b>	\$15.00	October 1, 2023
<b>Yukon</b>	\$16.77	April 1, 2023
<b>Northwest Territories</b>	\$16.05	September 1, 2023
<b>Nunavut**</b>	\$16.00	April 1, 2020

\*Note: The above are the general minimum wage 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.

\*\*Note: Nunavut's minimum wage rate increased to \$19.00 per hour effective January 1<sup>st</sup>, 2024.

**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>	April 1, 1999	n/a	n/a
<b>\$8.50</b>	March 3, 2003	\$1.50/\$2.00	21.4%/30.8%
<b>\$10.00</b>	September 5, 2008	\$1.50	17.7%
<b>\$11.00</b>	January 1, 2011	\$1.00	10.0%
<b>\$13.00</b>	April 1, 2016	\$2.00	18.2%
<b>\$16.00</b>	April 1, 2020	\$3.00	23.0%
<b>\$19.00</b>	January 1, 2024	\$3.00	18.8%

\*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 for Iqaluit, 2003 to 2023**

<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%
<b>2017</b>	125.4	+1.6%
<b>2018</b>	129.2	+3.0%
<b>2019</b>	131.4	+1.7%
<b>2020</b>	132.4	+0.8%
<b>2021</b>	133.2	+0.6%
<b>2022</b>	138.4	+3.9%
<b>2023</b>	141.9	+2.5%

Source: Statistics Canada, Table 18-10-0005-01 *Consumer Price Index, annual average, not seasonally adjusted*