



Department of Justice  
Government of Nunavut

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Minimum Wage Rate

Annual Report

2021

## **Background Information**

The Nunavut *Labour Standards Act* (the “Act”) regulates employment relationships 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 for 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 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 account for changing economic and/or social conditions. The minimum wage rate in Nunavut is set out in Section 12.1 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, 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- 1) Section 5 is repealed and replaced by: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.

## Review of the Minimum Wage Rate

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

Consumer Price Index (CPI): The Consumer Price Index (CPI) is a measure of inflation. It measures change in consumer prices over a period of time. The CPI compares the cost of a fixed basket of commodities from one year to the next. Statistics Canada collects and records price data on a monthly basis. 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).

CPI data for Nunavut is limited to Iqaluit, since no Nunavut-wide measures are available. Iqaluit data for CPI may not necessarily reflect inflation and the cost-of-living changes in all 25 communities of Nunavut. According to Statistics Canada, the annual average CPI for Iqaluit increased by **1.4%** from 2020 to 2021. This compares to a **3.4%** increase in Canada's national CPI over the same period. Table 3 below shows annual CPI average for Iqaluit from 2006 to 2021.

### Labour Standards Considerations

No Labour Standards applications or complaints have been filed in relation to Nunavut's \$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 received positive feedback with respect to the 2020 increase. It appears the minimum wage rate is commonly known among employers and employees.

### Comparing Minimum Wage to Income Assistance

The minimum wage is set to provide a financial incentive for Nunavummiut 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.

Nunavut's minimum wage of \$16.00 per hour allows Nunavummiut to 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 by 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

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 2021 Nunavut maintained the highest minimum wage of all provinces and territories, at \$16.00 per hour. Based on increases other jurisdictions have projected, Nunavut's rate is expected to remain the highest of all jurisdictions through to the end of 2022. Northwest Territories and British Columbia have the next highest rates, at \$15.20 each. A full comparison of minimum wages across Canada is reported in table 1 below.

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

Following amendments to the *Labour Standards Act* in 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 businesses and organizations across the territory to determine an appropriate increase. The Department conducted community consultations in September 2019 and found that Nunavummiut wanted a higher minimum wage due to the high cost of living within the territory. Additionally, a 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 minimum wage was last reviewed for amendment in 2015 and increased in 2016. Figures show the CPI increased by about 7.4 per cent from 2016 to 2021. The price of food has consistently increased in every community of Nunavut over this period. The minimum wage has increased significantly across Canada since 2015, particularly in jurisdictions such as Alberta and Ontario, which have a much lower cost of living.

All indicators show that the increase in Nunavut's minimum wage to \$16 per hour in 2020 was appropriate and that the current rate of \$16 per hour is well-aligned with rates in other jurisdictions. Given the CPI increase and income assistant rate, \$16 per hour remains appropriate and is expected to remain the highest of all Canadian provinces and territories for coming year 2022.

### **Statistical Information**

<b>Table 1</b>	Minimum wage rates across Canada as of December 20, 2021
<b>Table 2</b>	Minimum Wage Rate Changes in Nunavut since 1999
<b>Table 3</b>	Consumer Price Index for Iqaluit, 2006 to 2021

**Table 1****Minimum Wage Rates in Canada as of December 20, 2021**

JURISDICTION	HOURLY RATE	EFFECTIVE DATE
FEDERAL	REPLACED BY PROVINCIAL / TERRITORIAL RATES	JULY 1, 1996
BRITISH COLUMBIA	\$15.20	JUNE 1, 2021
ALBERTA	\$15.00	OCTOBER 1, 2018
SASKATCHEWAN	\$11.81	OCTOBER 1, 2021
MANITOBA	\$11.95	OCTOBER 1, 2021
ONTARIO	\$14.35	OCTOBER 1, 2021
QUEBEC	\$13.50	MAY 1, 2021
NEW BRUNSWICK	\$11.75	APRIL 1, 2021
PRINCE EDWARD ISLAND	\$13.00	APRIL 1, 2021
NOVA SCOTIA	\$12.95	APRIL 1, 2021
NEWFOUNDLAND & LABRADOR	\$12.75	OCTOBER 1, 2021
YUKON	\$13.85	AUGUST 1, 2021
NORTHWEST TERRITORIES	\$15.20	SEPTEMBER 1, 2021
NUNAVUT	\$16.00	APRIL 1, 2020

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: Retail Council of Canada ([www.retailcouncil.org/resources/quick-facts/minimum-wage-by-province/](http://www.retailcouncil.org/resources/quick-facts/minimum-wage-by-province/)) and public information on websites of all Canadian provinces and territories.

**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, 1999</b>	<b>n/a</b>	<b>n/a</b>
<b>\$8.50</b>	<b>MARCH 3, 2003</b>	<b>\$1.50/\$2.00</b>	<b>21.4%/30.8%</b>
<b>\$10.00</b>	<b>SEPTEMBER 5, 2008</b>	<b>\$1.50</b>	<b>17.7%</b>
<b>\$11.00</b>	<b>JANUARY 1, 2011</b>	<b>\$1.00</b>	<b>10.0%</b>
<b>\$13.00</b>	<b>APRIL 1, 2016</b>	<b>\$2.00</b>	<b>18.2%</b>
<b>\$16.00</b>	<b>April 1, 2020</b>	<b>\$3.00</b>	<b>23.0%</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, 2006 to 2021**

<b>YEAR</b>	<b>ANNUAL AVERAGE</b>	<b>% CHANGE FROM PREVIOUS YEAR</b>
<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>	131.4	0%
<b>2021</b>	133.2	1.4%

Source: Nunavut Bureau of Statistics