
Overview

The COVID-19 pandemic increased demands on workers in Nunavut and across Canada, especially those in health care, food services, and other essential sectors that keep the economy running.

The Nunavut Essential Workers Wage Premium (NEWWP) is a temporary program from the Government of Nunavut (GN) that provides eligible Nunavut employers with funding so they can pay their lower-wage employees a higher wage for the hours they work.

In this way the NEWWP is intended to support local employment, encourages lower-wage workers to stay on the job, and helps promote returning to work after periods of closures or other disruptions.

A note on data...

While NEWWP's application period closed September 30, the program continues to operate as firms conclude their individual 16-week payment period, and as the Department of Finance completes its audits.

This summary report provides an overview of the program as of Oct 1, 2020. Please consider the numbers in this report as estimates subject to revision rather than final, actual values.

Authorities and Budgets

The Government of Canada funded this program as part of its national COVID-19 relief measures.

The federal government first announced its intent to top-up the wages of lower-paid Canadians in late April 2020. The Government of Canada set out the main ideas and goals of a wage top-up program but allowed provinces and territories to design their own initiatives to recognize differences in labour markets.

The GN Department of Finance, with input from other GN departments, designed a Nunavut-specific program over the following weeks. The GN formally approved the NEWWP program in late May, as set out in the *Nunavut Essential Workers Wage Premium Contribution Policy*. This policy is available on the Department of Finance's website (www.gov.nu.ca/finance).

The Department of Finance received formal authority to spend up to \$4.1 M through NEWWP through *Special Warrant No. 8*, published in the May 2020 edition of the [Nunavut Gazette](#). This special warrant allowed the GN to launch the program June 1, 2020 rather than wait for the federal funds to come through later in the summer. As expected, federal funding came through three weeks later, and are enough to fully cover the cost of the program in Nunavut.

Program Mechanics

Eligibility

The NEWWP was an application-based program. Interested employers needed to submit basic information to the Department of Finance to show how they met the program's eligibility criteria. An employer had to be part of an eligible sector and their employees must have worked in Nunavut.

The GN expanded its list of eligible sectors over two phases. This helped program officials better manage the early workload associated with launching a new program while ensuring the GN was able to flow funds more quickly to Nunavut's workers in key sectors from the start.

When the GN first launched the program on June 1, 2020, we targeted two key sectors. On June 25, 2020, the GN expanded its criteria to include a wide range of sectors from across the economy.

NEWWP was available to a wide range of employers across eligible sectors

Phase 1 (announced June 1)

- licensed childcare facilities; and
- employers who provide health or social services to vulnerable Nunavummiut;

Examples of employers in this sector include long-term care homes, elders' or retirement homes, medical boarding homes, shelters, emergency and temporary housing, treatment facilities, food banks, daycares, and after-school programs.

Phase 2 (expanded June 25)

- employers who operate or maintain critical public infrastructure;
- building maintenance and cleaning services (including laundry);
- employers who transport, warehouse, or distribute goods;
- taxis, marine vessels, and airlines transporting people in-territory;
- hotels and places of accommodation;
- food processors, restaurants, and other facilities that prepare food;
- retail stores selling groceries, household or building supplies, or worker safety materials;
- employers that provide for the health and welfare of animals;
- employers that provide courier, messenger, or other delivery services;
- mortuary services, including funeral homes and cemeteries;
- public safety and first responders;
- essential professional services (including legal, accounting, and translation); and
- employers who supply, maintain, or otherwise support these sectors.

Examples of employers in this sector include utilities, tank farms, water treatment and removal facilities, road construction and repair, wired and wireless communications providers, waste collectors, plumbing and electrical service providers, carpenters and property managers, trucking and air cargo operations, bylaw enforcement and security, environmental management, automotive repair and gas stations, repair technicians and engineers.

Timelines

The GN designed NEWWP to top-up the wages of employees for up to 16 weeks, in line with federal parameters.

When the GN launched the program June 1, we recognized COVID had by that point already impacted employers and employees in Nunavut. We also recognized that different employers faced different needs and preferences related to program timing and operations.

To build in this flexibility, the NEWWP program allowed employers to choose their own start date for a customized 16-week period *beginning* anytime between May 1 and July 15, 2020.

Review Process

Department of Finance officials reviewed employers' applications in the order we received them. Officials confirmed an employer's eligibility by sector, confirmed employees were employed in Nunavut, and confirmed the employer was legally registered in Nunavut.

We also reviewed the payroll details employers provided to determine which of their employees were eligible for a wage premium, how much each eligible employee could receive as a premium, and the expected number of hours each eligible worker would likely work over the period. This allowed us to estimate an employer's total wage premium costs over the 16-week period.

Wage Premium Amount

The amount of wage premium each employee could receive depended on their base wage. The base wage was the amount an employee earned before any adjustments (such as overtime, taxes, allowances, benefits, or deductions).

- Employees earning up to and including \$20 per hour could qualify for a \$5 per hour premium.
- Employees earning between \$20 and \$25 per hour could qualify for a premium that would bring their pay up to \$25 per hour.
- Employees earning \$25 per hour or more did not qualify for the wage premium.

Table 1: Examples of premium amounts at different base wages

Wage	Up to \$20	\$20.50	\$21.00	\$21.50	\$22.00	\$22.50	\$23.00	\$23.50	\$24.00	\$24.50	\$25.00 and over
Premium	\$5.00	\$4.50	\$4.00	\$3.50	\$3.00	\$2.50	\$2.00	\$1.50	\$1.00	\$0.50	\$ -

Employer Administrative / Payroll Costs

The GN recognized that employers would face additional payroll and administrative expenses because of this program. Examples of employer costs include EI premiums, CPP employer contributions, workers' safety and compensation premiums, as well as the employer's time and effort involved in application, administration, and verification related to the program.

The GN also recognized that many eligible employers would be territorial businesses already facing challenges due to COVID-19.

To recognize these employer costs—and to ensure they were not a barrier to discourage employers from applying to the program for the benefit of their staff—the GN designed the NEWWP to provide employers with an additional amount up to 10% of the wage contribution. These employer administrative costs were subject to the overall program budget and availability of funds.

Contribution Agreements

To receive the funds employers needed to sign a contribution agreement with the GN.

These agreements set out the rationale and parameters of the funding as well as the responsibilities of the employer receiving the funds. For example, employers agreed they would participate in a program audit and, if requested, would make available payroll records to show they are passing NEWWP funds along to their employees as intended.

NEWWP Example Calculation

Lisa runs a licensed daycare in her community and wants her employees to benefit from the GN's NEWWP. Lisa contacts GN Finance in mid-June with questions. Officials confirm that licensed daycares are eligible, and help her through the rest of the application process. Lisa provides basic payroll information to help with the calculations.

The daycare employs 5 people in total. As Director, Lisa earns \$28/hour so is not eligible for the top-up. Two senior staff earn \$21.50 / hour, and two newer staff earn \$17 / hour. All employees work 40 hours / week.

The senior staff are eligible for a \$3.50 / hour top-up to bring them each to \$25 / hour. The newer staff are each eligible for the maximum top-up of \$5 / hour. Lisa chooses to start her daycare's 16-week period on July 1, which she decides is best for her employees.

After reviewing this information, GN FIN approves a total wage premium of **\$10,880**.

$$(\$3.50 / \text{hour} * 40 \text{ hours} / \text{week} * 16 \text{ weeks} * 2 \text{ employees}) + (\$5 / \text{hour} * 40 \text{ hours} / \text{week} * 16 \text{ weeks} * 2 \text{ employees}) = \$4,480 + \$6,400 = \$10,880$$

After Lisa signs a contribution agreement GN FIN sends her a payment of **\$8,704** to cover 80% of the approved total wage premium. GN FIN also provides an *additional* **\$870** so Lisa can cover 80% payroll and other administrative costs the daycare may face.

For the next 16 weeks, Lisa passes the NEWWP top-ups along to her employees through higher pay so they earn more on the job. In late October, at the end of the 16 weeks, GN FIN officials contact Lisa to start their review. Lisa uses the daycare's payroll slips to show that she passed along the NEWWP funding to her employees. As it turns out, Lisa also demonstrates that she paid one of her senior employees to work two extra hours each week to clean the daycare (42 hours per week over the period). Because these hours were not covered in the initial contribution agreement, Lisa made a supplementary application to GN FIN to cover the additional hours.

With sufficient money remaining in the program to cover the extra hours requested by Lisa's daycare, GN FIN pays out the remaining 20% in wage premium (**\$2,176**) and 20% in administrative costs (**\$218**), as well as

additional **\$112** to cover the top-up for the extra cleaning hours worked ($\$3.50 / \text{hour} * 2 \text{ extra hours} / \text{week} * 16 \text{ weeks}$), plus **\$11** in additional administration costs. In total, the daycare receives **\$12,091** ($\$10,880 + \$1,088 + \$112 + \11).

Payments, Hold Backs, and Audits

The GN issued initial payments of up to 80% of the total wage premium it approved. We held back the remaining 20% until an employer meets certain other criteria. Notably, employers need to submit payroll records that show how they have passed along the premiums to qualified employees. This mechanism allowed the GN to flow funds quickly through employers to workers while providing a level of control and incentive to ensure the program works as intended.

Communications

The GN communicated the NEWWP in different ways, starting with a public announcement and call for applications on June 1, 2020. The GN also created a dedicated email address, NEWWP@gov.nu.ca.

In collaboration with the Department of Education, GN Finance officials followed up the initial announcement by directly connecting with Nunavut's registered daycare providers to inform them of the program.

The GN issued a second call for applications on June 25 to reflect the expansion of eligible sectors. The GN also took the opportunity to extend the eligibility window for participating employers by two weeks, from June 15 to July 1, 2020. This extension gave employers more flexibility to decide when their 16-week period could start, and allowed employers that had closed during the pandemic more time to resume their operations and take advantage of the program.

Throughout the summer GN Finance officials worked directly with interested employers and others who contacted us about the program. We also helped employers navigate the application process as a way to facilitate take-up. We directly reached out to employers we expected could take advantage of the program, but had not yet applied.

The GN released another public service announcement on September 16 to remind eligible employers they had until September 30 to submit applications. GN Finance officials also reached out directly to any municipality that had not yet applied for NEWWP funding.

Throughout, the GN made its communications materials available in all official languages.

In late September 2020, as a way to draw attention to the program ahead of the application deadline, the Minister of Finance provided an update about the NEWWP in the Legislative Assembly by way of a Minister's Statement.

Data and Estimates

The Government of Canada funded the national wage top-up initiatives as temporary programs. The GN designed the Nunavut Essential Workers' Wage Premium accordingly.

The deadline for employers to apply to NEWWP was September 30, 2020, four months after the program’s initial launch at the start of June.

The following information summarizes program results as of October 1, 2020, based on the complete applications the GN had received by this date.

Please note, the summary figures below do not reflect final program results.

This is mainly because the NEWWP program continues to operate as firms conclude their individual 16-week payment period under the program, many of which extend beyond September 30. For example, a firm that chose to start its 16-week payment period on July 15 (the latest possible start date) will continue to pay a top-up to employees until late-October. Only after that point will GN Finance officials be able to complete all program audits.

During these audits GN Finance officials identify final amounts—the value of the wage premium paid out to employees based on the actual hours they worked over the 16-week period and not just the estimates of these hours employers provided in their application. Once this is completed, GN Finance officials pay out funds held back, adjusting the final amount as needed to match what workers received.

A second reason for using preliminary numbers is that the department received several employer applications just before the September 30 application cut-off. At the time of writing (early October) officials are currently working through the process with these applicants. Whether they qualify for NEWWP payments—and the amounts involved—will impact final program results slightly.

With these reasons in mind, please consider the figures in this report as estimates subject to revision.

Program Statistics

The GN has to date accepted a total of **65 employers** into the program and is reviewing another 3 applications submitted just before the deadline.

Of the approved employers, 20 (31%) applied through Phase 1 and 45 (69%) applied through Phase 2.

The GN denied one applicant as it fell outside the program’s eligibility criteria.

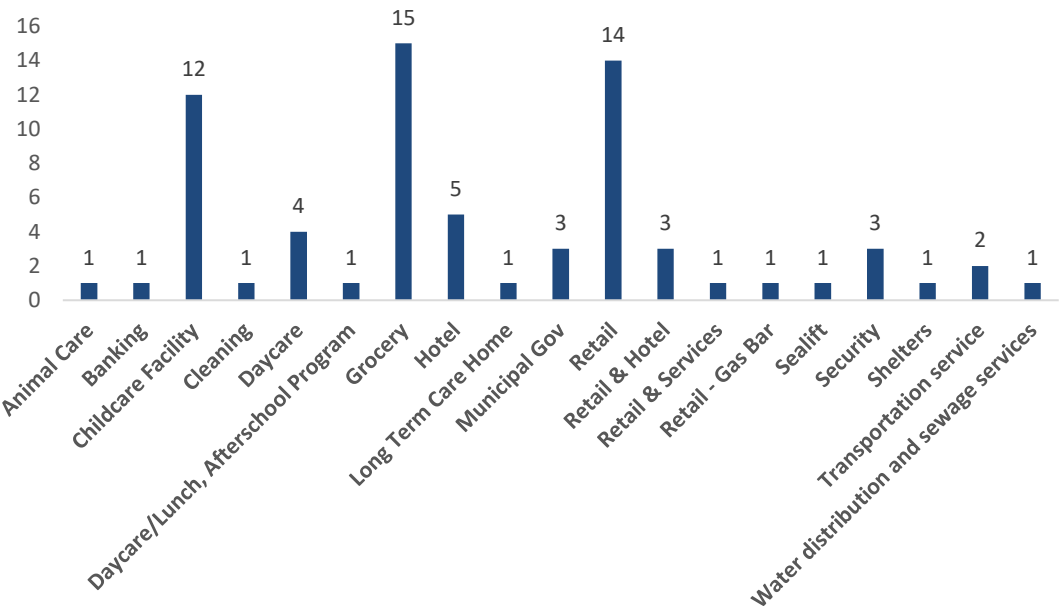
Through NEWWP, the GN has provided wage support to **1,759 employees**. While the program supported workers in a range of sectors, most recipients operated within the daycare, grocery, or other retail sectors. The grouping of employer by eligible sector is for general internal program purposes and does not reflect more formal classification systems, such as the North American Industry Classification System (NAICS).

Privacy and NEWWP
The GN works to balance transparency and privacy. This report summarizes program-level information and lists the employers that received NEWWP funding, but does not provide employer- or employee level details.

The number of eligible employees (those earning less than \$25 / hour) ranged from just a few (2-3) per applicant to many, particularly among the territory’s larger retailers.

In total, based on employer estimates at the time of application, we expect employers will use the NEWWP funds to top-up their employees’ wages for over 410,000 hours of work.

Fig. 1: NEWWP Eligible Employers, by Program Sector (preliminary)



Note: Employers’ grouping by sector is for internal general program purposes, and does not reflect more formal classification systems.

Many employees are full time, so will receive the top-up for about 37.5-40 hours a week for 16 weeks. Employers also applied for the top-up for their part-time employees. On average, employers requested a top up for about 27 hours per week, per employee.

Most of Nunavut’s employers applied for wage top-ups of between about \$2/hour and \$5/hour. On average, employers requested a top up of \$4.37 / hour for their employees.

The GN has so far authorized \$2.573 M in wage support and another \$0.257 M in associated employer payroll costs. Total estimated support stands at \$2.830 M.

Of these authorized funds, the GN has released initial payments of over \$2.04 M (about 80%). As part of the program design, the Department is holding back the remaining funds. Once employers demonstrate how they paid premiums to their employees and can provide actual hours worked, the GN will pay out the remaining amounts.

Program Review and Assessment

The Government of Canada intended its funding to help provinces and territories offer temporary programs to help encourage lower-wage Canadians to work during the pandemic by offering wage top-ups.

The NEWWP is helping meet this objective. Nearly 1,800 employees in Nunavut working for 65 organizations have benefitted or are benefiting from the NEWWP through top-ups to their base wages. As a result of NEWWP, Nunavut earners in a wide range of sectors can expect to bring home over \$2.5 million in additional wages for hours they worked. This is a good, short-term outcome.

The nuanced, longer-term consequences of the program will be harder to determine. Outside a few remote mine sites, Nunavut's first COVID case was not until November 2020. As a result, our employers and employees have not been impacted by COVID in the same way as elsewhere in Canada. Also, like for many other issues in the territory, detailed labour force data is hard to come by for Nunavut, especially after just a few months. It is tough to know whether and how NEWWP influenced labour force behaviour, like whether the top-up encouraged people to work more or whether it stopped employees from resigning.

GN Finance officials have yet to complete employer audits and other compliance work. We want to ensure all employers passed along the full amount of the premiums to their employees as agreed. The overall success of the program will depend in part on what we find through these audits.

In terms of program administration, we are internally satisfied with how we designed the program, especially given the short notice and time frame. For the most part applicants understood the program details when applying, which suggests they were adequately communicated.

Cost-wise, the Government of Canada has fully funded the program payouts. The Department of Finance has dedicated roughly one employee to administer the program using existing resources.

Overall, program uptake has been in line with initial expectations, though a little less than hoped. In total, the Government of Canada made \$3.9 M available to the GN for this program based on estimates of *potentially* eligible employers and workers. So far, based on NEWWP applicants and established eligibility criteria, the GN expects to spend just less than \$3 M.

Next Steps

The Department of Finance will move now to complete the remaining audits of approved employers. We expect to have these completed within the next two months.

The Department is also considering whether there are opportunities to adjust the program slightly to make full use of the federal funding allocated to this program.

Contact

Please contact the Department of Finance (NEWWP@gov.nu.ca) if you have questions about the program.

Appendix: List of Participating Employers

Aakuluk Daycare	Koomiut Co-op
Arctic Ventures Marketplace	Kugluktuk Co-op
Ajajaa Pairivik Society	Mianiqsivik Pairivik
Arctic Cooperatives Limited	Mitiq Co-op
Aurora Security	Municipality of Igloolik
Cambridge Bay Childcare Society	Municipality of Qikiqtarjuaq
Chesterfield Inlet Holding Corp.	Naujaat Co-op
CIBC	Nunavut Airport Services Ltd.
CPE Les Petits Nanooks	Nunavut Moving Services
DJ Specialties	Nunavut Sealink and Supply Inc.
EPS Store Ltd	Padlei Co-op
Eskimo Point Lumber Supply/Airport Services	Paleajook Coop
Grise Fiord Co-op	Pangnirtung Co-op
Hall Beach Co-op	Paraivik Child Care Society
Hamlet of Baker Lake	Pimaksirvik Corporation
Hamlet of Baker Lake	Piruqsiq Daycare
Hamlet of Kugluktuk	Pitsiulak Co-op
Igloolik Co-op	Qikiqtani Retail Services Limited
Ikaluktutiak Co-op	Qikiqtaq Co-op
Illaliuvik Daycare Society	Savavik Co-op
Iqaluit Humane Society	Scarlet Security Services
Iqaluit Inuktitut Daycare	Shared Care Child Care Society
Issatik Co-op	Taqqut Co-op
Ivvavik Daycare	The North West Company
Kakayak Daycare Society	Tudjaat Co-op
Kataujaq Society	Tulugak Co-op
Katudgevik Co-op	Tundra Buddies
Kids on the Beach Daycare	Tununiq Sauniq Co-op
Kimik Co-op	4624 Nunavut Limited
Kissarvik Co-op	902776 NWT Ltd. Frobisher Inn
