

Addressing the Cost of Living in Nunavut Discussion Paper Four



**Prepared for the
Nunavut Employees Union**

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EXECUTIVE SUMMARY

On April 1, 2003, the 2000-2003 Collective Agreement between the Government of Nunavut, and the Nunavut Employees Union expired. This was the first Collective Agreement developed between employees and their representatives the Nunavut Employees Union, and the newly formed Government of Nunavut as the Employer.

Both the Nunavut Employees Union and the Government of Nunavut are committed to improving the quality, promote the well-being and increase the productivity of Government of Nunavut employees so that Nunavut citizens and organizations are served in the best way possible. Further, both parties recognize the need to implement the *Nunavut Land Claims Agreement* and address the needs of Inuit with respect to the protection of culture, way of life and language. The Collective Agreement is one tool to meet these objectives.

The Collective Agreement is designed to maintain good and mutually beneficial relationships between the Government of Nunavut and its employees, to clearly set out the terms and conditions of employment, and ensure the health and safety of employees.

The Nunavut Employees Union is committed to ensure that the terms and conditions of employment for the employees it represent meet their needs and aspirations.

To this end, it contracted Alison Rogan to research the major issues that Government of Nunavut employees face, and develop specific positions that address these issues. This work is published in a series of discussion papers.

This discussion paper addresses the section of the Collective Agreement that deals with the higher cost of living in Nunavut, commonly known as the "Nunavut Northern Allowance".

A broad approach was taken for this paper, beginning with an overview of the equalization concept and why it is necessary in Nunavut.

This is followed by an analysis of Nunavut household spending patterns, which reflect

the unique demographics, environment and organizational capacity of Nunavut, and provides a clear indication of what should be included in a cost of living equalization payment.

Based on the spending patterns of Nunavut households, specific items were identified as requiring a cost of living adjustment. The cost to purchase identified goods or services in Nunavut was compared directly to the cost of purchasing the same things in Southern Canada. The difference in costs, called "factor costs" are added together to produce the position of the Nunavut Employees Union's on an appropriate equalization payment to offset the higher cost of living in Nunavut.

The higher costs of living were then compared to the equalization payments made by the Government of Nunavut, Government of Canada and Nunavut Tunngavik for a sense of overall context and appropriateness.

KEY FINDINGS

IT COSTS MORE TO LIVE IN NUNAVUT

A dollar spent in Ottawa goes a lot further than a dollar spent in Arctic Bay. Generally speaking, a person living in Nunavut would need to spend \$175 to purchase the same goods and services that a person would spend \$100 on in southern Canada. This is the difference in the cost of living between Nunavut and the south.

Because the Government of Nunavut evaluates its jobs using a national standard, people working for the Government of Nunavut in Ottawa earn the same wages for the same job as people working in Nunavut. It costs more to live in Nunavut and thus the Government of Nunavut must provide a payment that offsets these higher costs for its employees so their wages have as much purchasing power as the wages earned elsewhere. This payment is called a cost of living or equalization payment.

WHAT WE VALUE

Nunavut was created by the *Nunavut Act* and the *Nunavut Land Claims Agreement*. These two Acts are a product of the values of Nunavummiut, and should be the underpinning of the Collective Agreement between the Government of Nunavut and the Nunavut Employees Union.

The Government of Nunavut's elected representatives identified a series of values, objectives and plans that would guide its activities for the first five years of Nunavut's existence. These are summarized in the *Bathurst Mandate*.

Nunavummiut:

- value a public service that represents the people it serves;
- are experiencing a severe housing shortage, and need housing shortfalls to be addressed immediately, especially considering the high rate of population growth;
- value the Nunavut Land Claims Agreement and want the Government to fulfill its obligations;
- value training and development and want an emphasis placed on building skills and knowledge so people have the ability to take advantage of social and economic opportunities;
- value sharing wealth and want Government of Nunavut job opportunities to exist in as many communities as possible; in short, want a decentralized government; and,
- value high quality medical care and social services but are experiencing a shortage of qualified practitioners.

The *Bathurst Mandate* is important to the Collective Agreement and a good equalization payment because it highlights what issues citizens, through their elected officials, feel require immediate and on-going attention.

HOW NUNAVUMMIUT SPEND

- In Nunavut, households spend 84% more on groceries than they do in Southern Canada.
- Households spend twice as much of total household expenditures on food in Nunavut compared to the rest of Canada. This is because household incomes are lower on average and prices are higher.
- Higher expenditures on food are a result of the cost to ship and store food items, and because households are larger.
- Private housing, whether in the form of home ownership or private rental agreements, costs 31% more than in Southern Canada.
- 59% of Government of Nunavut employees live in private homes or rent privately.
- Nunavummiut spend double what southern Canadians do on heat, electricity and water. This is a result of the higher costs of fuel, electricity and water, and also because Nunavut is colder and darker than most other parts of Canada.
- While Nunavut households spend about the same amount on telephone and internet communications as southern Canadian households, they get much less service for their dollar.
- Nunavut households spend 43% more on child care services than southern Canadian households because the population is younger.
- Expenditures on household supplies like toilet paper and cleaning materials are 84% higher in Nunavut than in southern Canada because of shipping and storage costs, and because households are larger.
- Nunavut households spend six (6) times more on diapers than southern Canadian households. Again, this is a result of the very young population of Nunavut.
- More is spent on children's clothing and accessories in Nunavut than in Southern Canada, but less is spent on adult clothing.

- Nunavut households are much greater producers of goods and services than Southern households, demonstrated by the role that both country food and sewing garments make to household economies.
- Because there is virtually no land-based infrastructure linking Nunavut communities, a lower proportion of Nunavut households own cars relative to southern Canadians.
- Much more is spent on snowmobiles and all-terrain vehicles in Nunavut, and these are used as regular forms of transportation by many households.
- Despite lower average household incomes, Nunavut families spend three times as much on air travel than southern households. This is because air travel is virtually the only choice that people have to get from one community to another.
- Expenditures on lifelong learning, education and reading materials are disturbingly low in Nunavut compared to the rest of Canada. This is of great concern because of the demand to constantly upgrade skills and knowledge in today's economy.
- Poor access to education materials is one of the primary barriers to lifelong learning, and one of the biggest barriers is cost. The cost to travel to workshops, to try to access distance learning courses without local dial-up access, or poor access prevents people from taking advantage of these.
- Nunavut households spend 46% more on home entertainment relative to southern Canadian households. Social cohesion may be threatened by the very high proportion of recreational activity that takes place away from public venues.

These facts imply that there are certain qualities about Nunavut households that must be considered for an appropriate cost of living adjustment.

1. Nunavut families are younger and larger than they are in most other parts of Canada. Household size and composition must be considered in an equalization payment.
2. Outside of country food, most food is imported to Nunavut. Shipping and storage costs are very high.
3. Most consumer goods are imported. Shipping and storage costs are high.
4. Nunavut's cold climate and dark winters increase the amount of fuel and electricity used by households.
5. Nunavut's geography – small but densely populated communities spread across out across millions of square kilometers – result in lower costs to travel within communities, but higher costs to travel between communities.
6. Many Nunavut households produce goods and services for family use that are normally purchased as finished products in southern Canada. Because of its positive economic and social contribution, this form of self-reliance should be supported.
7. Either learning opportunities are not available or lifelong learning is not viewed as an important part of career development. This is a serious issue that must be addressed if Government of Nunavut employees are to remain equipped to do their jobs.
8. More money is spent on home entertainment than on any other form of recreation in Nunavut. There are serious implications to social cohesion and a sense of community associated with this. There are also serious financial costs.

The Government of Nunavut's equalization payment must be structured around the existing spending patterns of Nunavummiut, and address the social and environmental reasons for increased spending.

FACTOR COSTS

A good cost of living equalization must not only consider the cost differences between purchasing goods and services in Nunavut compared to southern Canada. The items selected for equalization must also accurately reflect what people are spending on. In Nunavut, the following items must be considered for equalization:

1. Food;
2. Freight;
3. Home Heating;
4. Water;
5. Electricity;
6. Gasoline;
7. Air Travel; and,
8. Access to Services.

At the same time, the Government of Nunavut must distinguish between employees who live in subsidized housing, and homeowners or private renters. The cost of living for homeowners and private renters is significantly higher than it is for employees living in subsidized housing.

Costs of living are significantly higher for employees with dependants than they are for employees who live on their own and this must also be considered in a cost of living adjustment that accurately reflects costs.

Finally, all goods and services included in any cost of living adjustment are purchased in after-tax dollars. Therefore, an adjustment that accounts for income tax deducted from gross salary must be included.

The following tables outline the actual increased cost of living for Government of Nunavut employees. It is based on factor costs, or the different cost to purchase the same good or service in Nunavut compared to southern Canada. Further, a distinction between people living in subsidized housing and homeowners/private renters, as well as family size is made. Finally, an adjustment for after-tax dollars is included which reflects what dollar amount will cover the higher costs of living in Nunavut.

The Nunavut Employees Union believes that these factor costs should be the basis for a cost of living equalization payment.

Table 1: Nunavut Employees Union Equalization Payment for Homeowners

Community	Single Person	Family of Two	Family of Three	Family of Four	Family of Five	Family of Six
Arctic Bay	\$21,860	\$25,782	\$29,333	\$32,884	\$37,806	\$42,727
Arviat	\$20,550	\$24,087	\$26,913	\$29,739	\$33,819	\$37,899
Baker Lake	\$21,948	\$26,426	\$29,722	\$33,017	\$37,866	\$42,715
Cambridge Bay	\$20,386	\$25,080	\$27,725	\$30,369	\$34,400	\$38,431
Cape Dorset	\$20,575	\$24,185	\$27,570	\$30,955	\$35,777	\$40,600
Chesterfield Inlet	\$22,813	\$27,649	\$30,794	\$33,938	\$38,719	\$43,500
Clyde River	\$22,214	\$26,478	\$30,069	\$33,660	\$38,672	\$43,683
Coral Harbour	\$23,510	\$28,095	\$31,540	\$34,986	\$40,001	\$45,017
Gjoa Haven	\$24,009	\$28,581	\$32,236	\$35,890	\$41,014	\$46,139
Grise Fiord	\$25,042	\$29,463	\$34,215	\$38,966	\$45,304	\$51,642
Hall Beach	\$22,010	\$25,749	\$29,419	\$33,088	\$38,211	\$43,334
Igloolik	\$22,019	\$26,271	\$30,077	\$33,882	\$39,241	\$44,600
Iqaluit	\$13,646	\$16,629	\$19,074	\$21,519	\$25,234	\$28,950
Kimmirut	\$20,543	\$24,478	\$27,601	\$30,725	\$35,452	\$40,178
Kugaaruk	\$27,057	\$32,684	\$37,065	\$41,446	\$47,613	\$53,780
Kugluktuk	\$20,727	\$24,929	\$27,601	\$30,273	\$34,299	\$38,325
Pangnirtung	\$19,097	\$22,579	\$25,504	\$28,429	\$32,724	\$37,020
Pond Inlet	\$22,618	\$26,904	\$30,838	\$34,772	\$40,143	\$45,514
Qikiqtarjuaq	\$20,079	\$23,246	\$26,442	\$29,638	\$34,204	\$38,771
Rankin Inlet	\$17,858	\$21,568	\$24,115	\$26,662	\$30,579	\$34,497
Repulse Bay	\$21,772	\$25,715	\$29,151	\$32,586	\$37,575	\$42,563
Resolute Bay	\$23,361	\$27,803	\$31,899	\$35,996	\$41,762	\$47,529
Sanikiluaq	\$20,785	\$24,908	\$27,336	\$29,764	\$33,362	\$36,961
Taloyoak	\$27,257	\$32,333	\$36,986	\$41,640	\$47,863	\$54,087
Whale Cove	\$22,188	\$26,405	\$29,377	\$32,349	\$36,842	\$41,334
Average	\$21,757	\$25,921	\$29,304	\$32,687	\$37,539	\$42,392
Average of All						\$31,600

Table 2: Nunavut Employees Union Equalization Payment for Employees' Living in Subsidized Housing

Community	Single Person	Family of Two	Family of Three	Family of Four	Family of Five	Family of Six
Arctic Bay	\$17,903	\$20,806	\$24,357	\$27,908	\$32,830	\$37,751
Arviat	\$16,760	\$19,686	\$22,512	\$25,338	\$29,418	\$33,498
Baker Lake	\$18,089	\$21,956	\$25,251	\$28,546	\$33,395	\$38,244
Cambridge Bay	\$15,732	\$19,180	\$21,825	\$24,469	\$28,500	\$32,531
Cape Dorset	\$17,065	\$20,063	\$23,448	\$26,833	\$31,655	\$36,477
Chesterfield Inlet	\$18,898	\$22,987	\$26,131	\$29,276	\$34,057	\$38,838
Clyde River	\$18,306	\$21,528	\$25,119	\$28,710	\$33,722	\$38,733
Coral Harbour	\$19,651	\$23,624	\$27,070	\$30,515	\$35,531	\$40,546
Gjoa Haven	\$19,522	\$23,483	\$27,137	\$30,792	\$35,916	\$41,041
Grise Fiord	\$21,393	\$25,202	\$29,953	\$34,704	\$41,043	\$47,381
Hall Beach	\$18,430	\$21,558	\$25,227	\$28,896	\$34,019	\$39,142
Igloolik	\$18,321	\$21,757	\$25,562	\$29,368	\$34,727	\$40,085
Iqaluit	\$11,342	\$13,531	\$15,976	\$18,421	\$22,137	\$25,852
Kimmirut	\$17,193	\$20,630	\$23,753	\$26,876	\$31,603	\$36,330
Kugaaruk	\$22,320	\$27,335	\$31,716	\$36,096	\$42,263	\$48,430
Kugluktuk	\$16,771	\$20,179	\$22,852	\$25,524	\$29,549	\$33,575
Pangnirtung	\$15,461	\$18,195	\$21,120	\$24,045	\$28,341	\$32,636
Pond Inlet	\$18,836	\$22,215	\$26,149	\$30,084	\$35,455	\$40,826
Qikiqtarjuaq	\$17,168	\$19,995	\$23,191	\$26,387	\$30,954	\$35,520
Rankin Inlet	\$14,068	\$17,167	\$19,714	\$22,261	\$26,178	\$30,096
Repulse Bay	\$17,913	\$21,244	\$24,680	\$28,115	\$33,104	\$38,093
Resolute Bay	\$19,446	\$23,276	\$27,373	\$31,469	\$37,236	\$43,002
Sanikiluaq	\$16,535	\$19,095	\$21,523	\$23,951	\$27,549	\$31,148
Taloyoak	\$22,645	\$26,973	\$31,627	\$36,280	\$42,504	\$48,727
Whale Cove	\$18,573	\$22,291	\$25,264	\$28,236	\$32,728	\$37,221
Average	\$17,934	\$21,358	\$24,741	\$28,124	\$32,977	\$37,829
Average of All						\$27,160

THE GOVERNMENT OF NUNAVUT'S EQUALIZATION ALLOWANCE: DOES IT COVER THE HIGHER COSTS OF LIVING?

The Government of Nunavut has improved its equalization payment substantially since it inherited the Northern Living Allowance from the Government of the Northwest Territories in 1999. These improvements have been both in financial and methodological terms.

For the first time in eight years, Government of Nunavut employees are beginning to achieve equalization payment levels that they had in 1995.

The Government of Nunavut has also become much clearer about what is included in its equalization payment, and most of the items it has selected for equalization are appropriate.

There are deficiencies however. First, the Government of Nunavut uses several inaccurate indicators to estimate factors that increase the costs of living when better measures are available.

Secondly, the cost of living equalization payment should cover the full increased costs of living, and not a percentage of them. If electricity costs \$500 more per year in Nunavut for average power usage, then the equalization payment should cover this, and not \$350 or some other percentage.

Thirdly, the Nunavut Northern Allowance is not as targeted as it could be, and therefore does not meet its objectives as effectively as it should.

As it is currently applied, single employees living in subsidized, government housing units receive the same equalization payment as a family of 5 that owns their home or rents privately. A greater burden of a higher cost of living is obviously borne by the family of five. In fact, the Government of Nunavut's Nunavut Northern Allowance covers 98% of the higher costs of living for a single individual living in subsidized housing, but only 45% of the higher costs of living for a family of five that live in their own home.

Finally, the effect of income tax must be factored in to a cost of living adjustment

because it is disposable income that is used to purchase the more expensive goods and services in Nunavut. The effect of using disposable, rather than gross income in developing a cost of living adjustment is significant, and increases the value of an accurate adjustment by approximately 23%.

By applying an approach that addresses the unique circumstances of its work force, the Government of Nunavut will not only improve its ability to meet the primary objectives of its equalization payment, but will also address the broader objectives of the Collective Agreement, Bathurst Mandate and Nunavut Land Claims Agreement.

CONCLUSIONS

The Nunavut Employees Union recommends that the actual higher costs of living in Nunavut act as the basis for the Government of Nunavut's equalization payment.

This will result in a significant increase for employees with dependants, and for most homeowners.

The equalization payment needs to be carefully implemented and applied. For example, when two Government of Nunavut employees live in the same household, employees should be given the following options:

1. Two equalization payments for single employees, according to their housing status; or
2. One equalization payment for the appropriate household size and housing status, paid to one employee.

Finally, because the Government of Nunavut is the Territory's largest employer, it cannot disallow portions of an equalization payment because of the benefits that spouses of Government of Nunavut employees receive.

If the Nunavut Employees Union's recommended equalization payment is implemented, the Government of Nunavut will observe:

1. an increase in the number and proportion of Inuit employees in the Government of Nunavut;

2. lower staff turnover; and,
3. an overall increase in the number of employees who choose to purchase their homes or rent privately.

The Nunavut Employees Union has developed an equalization payment that will support the larger families of Nunavut, and will also support homeowners while reducing the amount that the Government of Nunavut spends to subsidize employee housing. This equalization payment supports the objectives of the Bathurst Mandate, and the Nunavut Land Claims Agreement.

1 - INTRODUCTION

In January 2003, the Nunavut Employees Union developed an engagement process designed to research the major issues that will be addressed at upcoming Collective Agreement negotiations for Government of Nunavut employees.

This engagement process has two parts, a research component and a thorough consultation with union members. The objective of the engagement process is to develop negotiating positions that accurately reflect the issues that are most important to members.

The research part of the engagement process is designed to provide facts and options to Nunavut Employees Union members on issues that the union Executive felt were most important for inclusion in the Collective Agreement. These are presented in discussion papers that will be available to all Nunavut Employees Union members.

WHAT THIS DISCUSSION PAPER TRIES TO ACCOMPLISH

Alison Rogan was contracted by the Nunavut Employees Union to research the higher cost of living in Nunavut compared to the rest of Canada, a subject that the union Executive considered a central issues for Government of Nunavut members.

This paper is presented in four chapters, including this introduction. Chapter 2 identifies the factors and costs of a fair equalization payment to cover the higher costs of living in Nunavut. Chapter 3 identifies what the Federal Government, Inuit Organizations and the Government of Nunavut are paying to cover the higher costs of living in Nunavut. Chapter 4 provides conclusions and recommendations on the design and application of an appropriate cost of living equalization payment for Government of Nunavut employees.

THE EQUALIZATION CONCEPT

Most employers provide people who work for them with some form of a payment that is designed to cover part or all of the higher costs of living in Nunavut compared to most other places in Canada. This payment is reflected either in higher wages, or in monies paid on top of wages.

The Government of Nunavut pays its workers the same wages as people are earning across Canada. It uses a cost of living payment on top of wages to make sure that what is earned in Nunavut goes as far as it would in southern Canada.

Imagine two people working at the same job in Ottawa and in Iqaluit. Both earn \$38,000 per year after taxes. Peter works in Ottawa, pays \$850 per month to rent a one-bedroom apartment, spends \$350 per month on groceries, and about \$200 month on clothing and personal care. When he takes a holiday twice a year, he spends about \$500 each time to get to his destination. Compare this to his peer working in Iqaluit.

David rents a one-bedroom apartment for \$1,500 per month. His monthly grocery bill is \$600, and clothes and personal care come to \$250. David travels to see his family in Cambridge Bay once a year, and travels south once a year as well. His airfare to get to Cambridge Bay costs him \$2,500, and to Ottawa, it costs \$1,200.

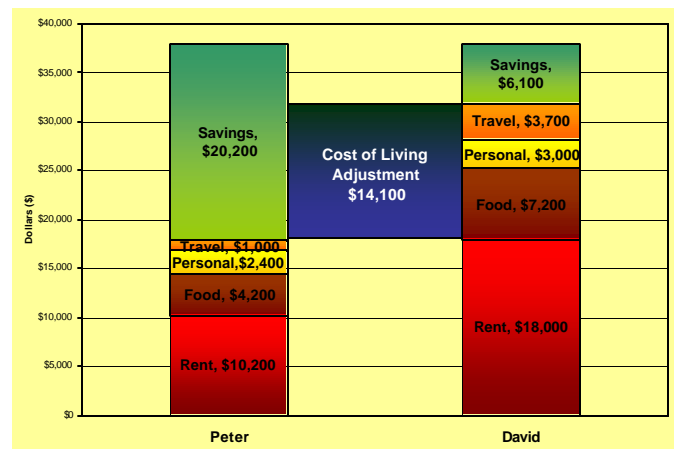


Figure 1: Cost of Living Difference

Despite doing the same job and earning the same salary, Peter and David have very different purchasing and saving powers.

While Peter spends \$16,800 per year on rent, food, clothing and personal care, David spends \$28,200. To travel, Peter spends \$1,000 per year, while David spends \$3,700. At the end of the year, if neither Peter nor David spent money on anything else, Peter would be able to save \$20,200 while David would be able to save \$6,100. The difference, \$14,100, reflects the much higher cost of living in Iqaluit than the cost of living in Ottawa.

One cost that is very difficult to measure, but one that impacts the quality of life for employees is access to services. Many services provided by the private sector do not exist in our communities. These include legal firms, therapists, barbers and hairdressers, restaurants, and real estate agencies for example. Access to government and non-government services are similarly limited. There is no Revenue Canada agent in Nunavut. There is one hospital in the territory, and it is not equipped to perform many surgical procedures.

People often are required to cover their own travel and accommodation costs to accompany family south for medical procedures. Access to museums and art galleries is not possible without an airplane trip. Community infrastructure like children's parks, camps, and multi-purpose community centres are not well developed in most Nunavut communities. Finally, the volunteer, or non-government sector is in its infancy. There are no YMCAs that provide affordable recreation facilities for families.

While the United Way and Salvation Army are starting chapters in Nunavut, their presence and the services that they provide will not be felt for some time to come. There is a real cost, and an implied cost related to poor access to services.

Lawyer's, financial manager's and real estate agent's services are more expensive in Nunavut because of the time and distance costs associated with remote access. The inability to access personal, family and

marriage counseling services results in lost productivity costs (at best). Accounting for all of these is challenging, but necessary.

Compensating for the higher cost of living in Nunavut is a key to recruiting and keeping people at work within the Government of Nunavut. However, Nunavut exists in a global context, in terms of the rapid pace of technological change, and global competition for skilled labour.

This means that the systems that the Government of Nunavut will need in place must adjust for changing technologies. People and particularly highly skilled people will not work in a place where their skills will become outdated because there are no opportunities to keep them up-to-date. Compensating for the additional costs that people have to pay to access these must be included.

WHERE THE EQUALIZATION CONCEPT COMES FROM

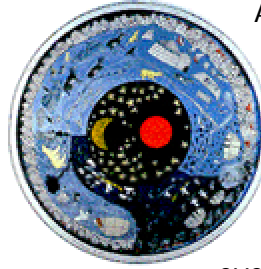
Most equalization payments currently paid to people who work in Nunavut have their roots in the Federal Government's Isolated Post Allowance. As a national employer, the federal government had legitimate concerns that it would be unable to attract and keep employees in jobs that were located in Canada's most remote communities. With a national classification system for all jobs, the higher cost of living in remote communities had to be addressed separately from wages. Further, most of its workforce came from Southern Canada and viewed remote community life as unattractive, difficult and a personal sacrifice.

To address these concerns, the Government of Canada created a point system that rated every remote community across Canada for cost of living and environmental hardship (this will be explored in detail in chapter 3). For communities off the road system, it also covered the costs for an employee and his or her family to take two trips by air to the nearest southern city each year.

Many employers in Nunavut have adopted this federal model for their equalization payment, including the Government of Nunavut. The key is to determine where the values and the circumstances of the federal and territorial governments are similar and where they are different so that an equalization payment for each organization's employees can be tailored to meet their unique objectives.

KEY VALUES AND OBJECTIVES OF THE GOVERNMENT OF NUNAVUT

The Government of Nunavut has committed itself to meeting some key objectives concerning employment and the structure of its workforce. These objectives come from the *Nunavut Land Claim Agreement*, and the *Bathurst Mandate*. The ability to meet their objectives will depend in part on the terms of employment that the Government of Nunavut offers its employees, including an effective equalization payment.



Article 23 of the Nunavut Land Claim Agreement requires the Government of Nunavut to employ Inuit at levels that are representative of the Nunavut population. Put another way, 85 out of every 100 Government of Nunavut employees would be Inuit if the Government of Nunavut was to meet its obligations under the Nunavut Land Claims Agreement. The Government of Nunavut must therefore determine what kind of cost of living adjustment will meet the needs of an Inuit workforce.



The Bathurst Mandate is a document that identifies the Government of Nunavut's priorities for the life of this government. Although it is likely to change with the next government, many of the major concerns addressed in it will be the same in two years time. The Government of Nunavut has committed to:

Respond to housing shortages

- Develop and implement long-term plans to respond to housing shortfalls.

Meet its Nunavut Land Claims Agreement obligations

Training and development

- Build an effective, functional and skilled public service, which is responsive to the public it serves and increasingly representative of the population of Nunavut;
- Support training and learning for a Nunavut-based workforce;
- Provide educational programs for a wide range of health and social services providers;
- Trades training for all trades in Nunavut;
- Put strategies in place that develop Nunavummiut in every profession as part of a resident workforce; and,

- Develop and implement:
 - A strategy to support the Inuit Employment Plan,
 - A strategy for on-the-job training and mentoring, and
 - A Nunavut orientation and language skills program.

Decentralization

- Government of Nunavut employment in decentralized communities.

Address Health and Social Services Employee Shortages

- Recruit and keep Health and Social Services staff at full capacity in all communities and all facilities.

These priorities have clear implications for an equalization payment. Housing shortfalls for Government of Nunavut employees have limited the ability of all Government of Nunavut departments to hire staff. There are many factors that contribute to the current housing shortage, but the prohibitively high cost of private housing ranks high among them.

The higher costs of private housing in Nunavut compared to southern Canada are not addressed in the current Nunavut Northern Allowance, or the proposed Northern Equalization Payment. For homeowners, or for people who rent housing privately, there is nothing that makes up for the subsidy that people living in Government housing currently receive. Unless the Government of Nunavut continues to make it its business to be a landlord to the majority of its employees, an equalization payment for homeowners and private renters must be included in its cost of living adjustment.

Training and development of Inuit and non-Inuit staff working in the Government of Nunavut is repeatedly identified as a priority. Other sections of the Collective Agreement will also address this, but within the context of an equalization payment, education and training opportunities are limited for all Government of Nunavut employees, and cost more to access. Being able to afford education, training, and mentoring opportunities will be critical to the

development of a representative and effective Government of Nunavut workforce.

The Government of Nunavut has committed itself to full decentralization in 2003. Where most employees once worked in three communities, they are now spread out among eleven. The decentralization of government jobs will increase costs for most people. Along with the generally higher costs of living in communities outside of Iqaluit, Rankin Inlet and Cambridge Bay, the major difference between having government employees in three communities compared to eleven communities has to do with the cost to travel inside of Nunavut.

Historically, people within regions would move to regional centres for employment opportunities. The cost to travel within a region, while high, is not usually higher than traveling to the nearest southern community. Today, people are moving between regions to access Government of Nunavut jobs in decentralized communities. The cost to travel from one decentralized community to another that is also in another region is much higher than it is to travel from that community to the nearest southern city. As more and more Inuit and non-Inuit born in Nunavut move to decentralized communities, their travel costs to maintain their family ties will increase significantly.

Health and social services employees are singled out as a group that the Government of Nunavut has given special priority. For these employees, lifelong learning, support and mentoring are vital to ensure that positions are fully staffed and the public has access to health and well-being services. The costs for many health and social services employees of keeping up with the changes and on-going requirements of their professions are much higher in Nunavut than in the rest of Canada. Opportunities for specific support, whether in the form of a supervisory relationship with a senior therapist for counselors, professional development and required certification courses for nurses and allied health care workers do not exist in Nunavut, and health care workers are either forced to do without, or pay the very high costs of accessing these

professional requirements independently. An adjustment to the cost of living payment must take this into consideration.

The equalization payment needs to be consistent with the objectives of the Government of Nunavut, while still meeting the higher costs of living for employees. On top of that, the way that the payment is implemented must be responsive to changes in the cost of living, and professional demands placed on employees.

COMPARISON OF THE GOVERNMENTS OF CANADA AND NUNAVUT

The territorial and national public services share many of the same objectives in Nunavut. There are also some major differences between the two. Because the Government of Nunavut's Northern Living Allowance is based on the federal government's Isolated Posting Allowance, an examination of these similarities and differences will highlight where and how the Government of Nunavut's equalization payment should be different.

The federal government states that its equalization is, "... designed to facilitate the recruitment, retention and [employment] of a satisfactory number and quality of staff to serve the [federal government's] needs in isolated locations." The equalization payment "should also reflect differences in relative unattractiveness of isolated locations and provide additional compensation at certain special locations to help offset abnormal cost differentials between isolated and non-isolated locations."¹

The Government of Nunavut makes no reference to the relationship between an adequate equalization payment and its ability to attract and keep people in service. It also does not refer to Nunavut as an unattractive, isolated location.

¹ Treasury Board of Canada Secretariat, Isolated Posts Directive, (October 2002). p2

The two primary purposes of the Nunavut Equalization Payment for the Government of Nunavut are to,

1. make up for the difference in the cost of living between Nunavut communities and larger "designated" southern centres; and,
2. to equalize the compensation of GN employees across Nunavut who may face different economic conditions in different communities.²

Both payments are supposed to cover the increased costs of living in communities, but the territorial payment does not compensate for an "unappealing environment," and rightly considers that people who work for the Government of Nunavut are citizens of Nunavut, and choose to live here.

To dig deeper into how the Nunavut equalization payment could be distinct from the federal government's equalization payment, it is worthwhile to examine the distinctions between the federal and territorial governments in areas that will affect the structure of the payment.

The Different Federal and Territorial Contexts

- The federal government is a national employer with a focus on Canada, while the territorial government employs people in, and focuses its policies and activities in Nunavut.
- The federal government's workforce in Nunavut is a tiny proportion of its total number of employees. The overwhelming majority of the Government of Nunavut's employees work within the territory.
- The majority of Federal employees working in Nunavut, work in Iqaluit. With the Government of Nunavut's Decentralization Directive, employees work out of eleven communities in all three regions of Nunavut.

² Department of Human Resources, Government of Nunavut, *The Nunavut Equalization Allowance (NEA)*. (October 2002).

These differences suggest that the Government of Nunavut is in a position to create an equalization payment that reflects Nunavut, rather than “isolated postings” across Canada, and that it is not beholden to a national framework within which to accomplish this.

In other words, the Government of Nunavut has a much higher degree of flexibility to tailor its program to the needs of Nunavummiut.

2 –AN APPROPRIATE EQUALIZATION PAYMENT

This section of the Cost of Living Discussion Paper explores what typical Nunavut families spend their money on, what the difference is in the cost of goods and services between Nunavut and southern Canada, and finally, provides a rationale for an appropriate equalization payment.

HOW NUNAVUMMIUT SPEND THEIR MONEY

As was pointed out in the Introduction, the Government of Nunavut has the opportunity to create an equalization payment that is consistent with its current and future workforce, which it is obliged to hire from within Nunavut. The different age structure and cultural make-up of Nunavut must be reflected in the Government of Nunavut's equalization payment if it intends to achieve its 85% Inuit employment target.

It is important to look at what families spend their money on because it gives a good indication of household purchasing patterns that are a result of family structure, social norms, and geography. For example, families are much larger and younger in Nunavut compared to the rest of Canada. This means that households buy more child-related products and services.

In 2001, Statistics Canada did a survey that asked Canadians what they spent their money on, and how much they spent. This Survey of Household Spending³ is used in the following section to compare the spending patterns of Nunavut families to those of the average Canadian family. Expenditures are broken into five categories:

1. Food and Shelter;
2. Household Operations and Childcare;
3. Personal Care and Clothes;
4. Transportation Within a Community;
5. Education, Reading and Recreation.

³ Statistics Canada, Survey of Household Spending. Collection no. STC/HLD-045-60118 (December 2002)

With few exceptions people are spending more to live in Nunavut than they are in southern Canada.

FOOD AND SHELTER

Each week, the average Nunavut household spends \$230⁴ on groceries while their southern counterparts spend \$125. Expenditures on food are 84% higher here than for in the south.

This is because the cost to ship and store food in Nunavut is high, there are fewer opportunities to shop around for the best prices, and households are larger.

Food also represents a much higher proportion of total household spending in Nunavut households than for Canadian households. Food makes up 11% of all expenditures for most Canadian households, but it is 23% of all expenditures for Nunavut households.

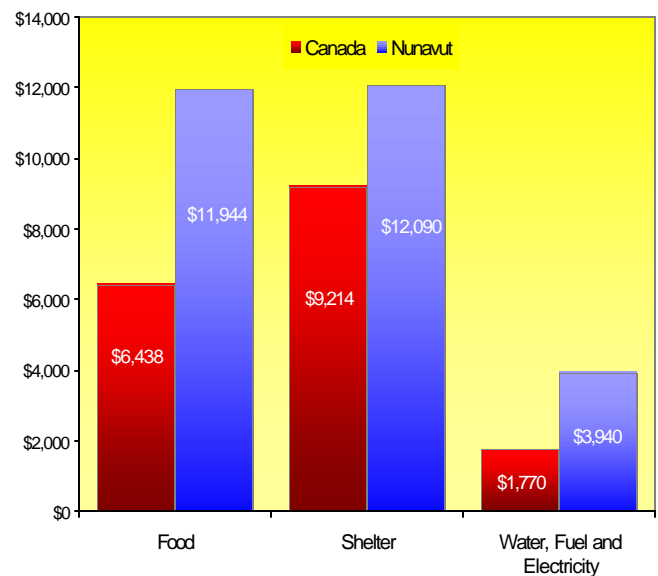


Figure 2: Average Household Expenditures on Food and Shelter in Canada and Nunavut

⁴ Average household size in this section refers to the average of *all* households, including single people.

This difference is especially pointed when considering that average personal income in Nunavut is 27% lower than it is nationally⁵, because people spend more on food as their income increases. Furthermore, it is estimated that Nunavummiut consume \$30 million worth of country food each year.

The Government of Nunavut's equalization payment must consider the larger family size of most Nunavut households, the higher cost of groceries, and the inability to shop for the best deals when developing an effective equalization for food expenses.

Housing – including Government of Nunavut housing, but not including social housing – is 46% more expensive in Nunavut than in the rest of Canada. Housing expenses are made up of rent or mortgage payments, and the costs associated with taxes, fuel, electricity and utilities.

Each month, the average Canadian household spends \$770 on rent or on their mortgage while Nunavut households spend \$1,010. It is 31% more expensive to pay for a dwelling in Nunavut than it is in southern Canada. This difference reveals the higher cost to build in Nunavut, and the higher rents that can be charged because of the housing shortages that exist in many communities.

The proportion of renters and home owners is also significantly different in Nunavut compared to Canada. Nationally, 67% of all households own their homes, while in Nunavut 24% do.

Conservatively speaking, 55% of all dwellings in Nunavut are social housing units, which the majority of Government of Nunavut employees are not eligible to live in because their incomes are too high. If the proportion of people living in social housing is removed, more than half of all households are occupied by people who own their homes.

Nunavut's Families

Nunavut's families are larger and younger than families in Southern Canada. The average household size in Nunavut is 4 persons per household, while it is 3 per household in Canada. When single person households are removed, average household size in Canada is 4 people, while it is 5 in Nunavut.

Forty-one percent of Nunavummiut are under the age of fifteen. Among Inuit, the population is even younger, a much higher proportion of households have children living in them, and family size is larger.

A younger population means that many people working for the Government of Nunavut are covering the expenses of raising children. Food, shelter and travel expenses in Nunavut are significantly higher for families with children than for single people because of increased consumption. These costs are particularly high for families that have children under the age of five because of the costs of diapers, formula and child care.

The proportion of lone parent families is also on the rise. In the past twenty years, the proportion of single parent households has gone from 13% in 1981 to 17.4% in 2001. Household income for households headed by single parents is lower than two parent families. Most single parent families are headed by women, who generally earn less than men in the Government of Nunavut.

Approaching the cost of living equalization payment as if all Government of Nunavut employees' household members are the same discriminates against families. The Government of Nunavut must develop an equalization payment that more accurately reflects the higher costs of living for families, relative to the costs to a single individual.

⁵ Personal income in Nunavut in 1999 was \$18,630 compared to \$25,485 per person in Canada.

A Discussion on Poverty

Poverty is usually defined in terms of the proportion of a household's income spent on the necessities of life – food, shelter and clothing. Nationally, the average household spends about 35% of their income on these. People are considered to be living in poverty if they spend 55% or more of their earnings (20% more than the national average) on food, shelter and clothing.

In Nunavut, the major causes of poverty for people who are working (the “working poor”) come from the high cost of living, inadequate wages or payments to cover these high costs, and large family size. Unfortunately, no research has been done to identify what dollar figure makes a family “poor,” but indicators from southern Canada provide a starting point from which an estimate of poverty can be made for Nunavut.

When consideration is given to the fact that costs of food are double what they are in southern Canadian cities, that shelter costs 32% more, it is fair to say that an estimate of the poverty line for people who are working in Nunavut is conservatively 50% higher than in Canada.

The table below shows that in Nunavut, a family of six with a household income of less than \$52,777 per year in before tax dollars is living in poverty. Forty-two percent (42%) of people who work for the Government of Nunavut earn less than \$40,000 per year. Another 47% earn between \$40,000 and \$80,000 per year. This clearly suggests that a proportion of Government of Nunavut employees are “working poor” and are spending well over half of their earnings on food, shelter and clothing.

People living in poverty are often excluded from many opportunities that society has to offer. As a result, poverty is directly related to lower than average health status and educational attainment, poor housing, limited participation in the work force, low self-esteem and dignity among a variety of outcomes.

Poverty also tears at the fabric of communities. People who have limited income, or are economically marginalized also tend to be on the fringes of society. Worse than that, they are often blamed for their poverty.

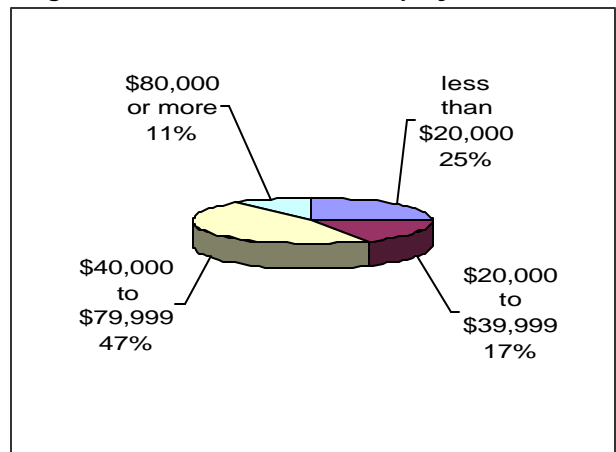
It is critical that the Government of Nunavut provide an adequate cost of living payment to cover the very high cost of living here so that a minimal proportion of its employees are not “working poor” and do not experience the very negative outcomes of poverty.

Table 3: Before Tax Poverty Lines⁶

Family Size	Poverty Lines Canada	Poverty Lines Nunavut
1	\$16,175	\$24,263
2	\$19,761	\$29,642
3	\$24,130	\$36,195
4	\$28,824	\$43,236
5	\$32,005	\$48,007
6	\$35,185	\$52,777

⁶ Canadian Council on Social Development, *2002 Poverty Lines*. February 2003.

Figure 3: Distribution of GN Employee Incomes



Source: Nunavut Household Survey 2001

Within the Government of Nunavut, 59% of employees live in single detached houses, the majority of whom own their homes. Among Inuit, and long-term residents of Nunavut, the choice to own a home is more likely than choosing to rent.

And for good reason. Besides building equity, it is cheaper in the long run for households to pay down a mortgage than to pay rent. Finally, home ownership generally improves the quality of life for most families.

It is also a good solution for the Government of Nunavut because it reduces the government's costs to subsidize employee rental housing units, and supports a stable labour pool from which to draw its employees.

In Nunavut, people spend more than double the money on home heating, utilities and electricity than people in Southern Canada. While the average Canadian household spends \$148 per month, the average Nunavut household spends \$328 per month. Nunavummiut spend more for several reasons. One, more fuel is needed in Nunavut to heat homes because it is colder than almost any other part of Canada. Secondly, more electricity is used because it is darker and colder for longer periods during the year in Nunavut. Thirdly, families are larger and therefore consume more water and electricity. Finally, the overall costs of electricity, utilities and fuel are higher in Nunavut than they are in other parts of Canada.

Careful consideration must be given to the cost of housing for people who are not living in Government of Nunavut dwellings and for the higher costs to operate a home – the higher retail price, and the more intense use of fuel and electricity in Nunavut relative to any other jurisdiction in Canada. Homeowners and people renting units from leaseholders outside of the Government of Nunavut should not bear the full and higher cost of living in Nunavut relative to their counterparts who rent subsidized government units.

HOUSEHOLD OPERATIONS, AND CHILDCARE

Household operations include all of the normal expenses that households incur for living: telephone and Internet connections, childcare, and household cleaning supplies.

Many of the household services that Canadians purchase to keep their households running aren't available in Nunavut. When they are available, they are significantly more expensive.

For example, Nunavut households spend about the same amount on telephone service as Southern Canadian households do on telephone and cellular phone services. Almost every home in Canada has a telephone, and cellular phones supplement this service. Comparing just telephone expenditures, Nunavut households spend 32% more on basic and long distance services, \$77 per month in Nunavut compared to \$58 per month in Canada. Expenditures in Nunavut are likely to go down in the future because of long distance rate decreases, although it is unlikely that they will ever be as low as in southern Canada. As more services become available, more will be spent on them.

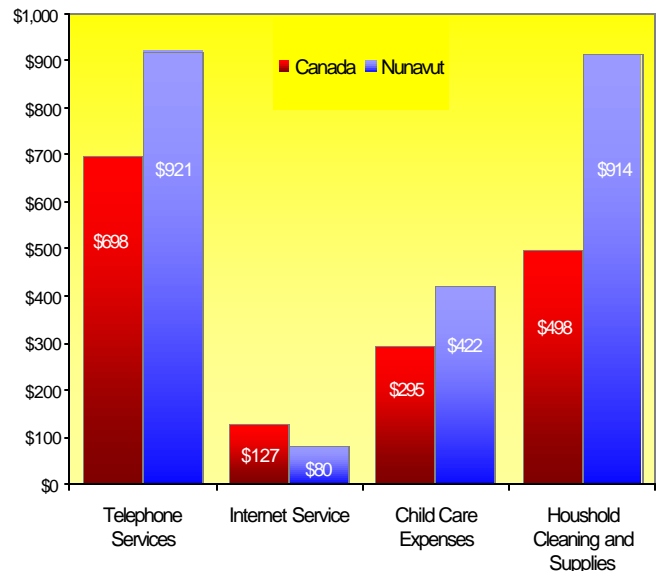


Figure 4: Average Household Operations Expenditures in Canada and Nunavut

Internet connections are only available in thirteen of twenty-five communities, and this is reflected in the lower proportion of households here that purchase Internet services compared to their counterparts in southern Canada. Further, the types of Internet services available in Nunavut are limited, for example there are no broadband or cable connections. As the Internet becomes increasingly important to the day-to-day activities of people and households, the ability to access affordable connections will be critical.

In Grise Fiord, the Mayor was recently quoted as having spent \$4,000 per month on his Internet connection⁷ because he paid not only for access, but also long-distance rates. In Nunavut, the average household currently spends about \$7 per month for their connections, compared to \$11 in the rest of Canada. Only 15% of Nunavut households reported that they paid for Internet connections, compared to 40% of Canadian households. It is very likely that as affordable connections become available, more Nunavut households will purchase services. While services available are not as good in Nunavut as in the rest of Canada, prices for what is considered "basic service" are similar.

The amount of money spent on childcare, and the proportion of households that require it in Nunavut is much higher than in Canada as a whole. On average, Nunavut households spend 43% more \$422 per year, compared to \$295 per year in Canada for child care services. This is largely a result of the very young population of Nunavut, but also reflects the publicly subsidized rates of child care services available in provinces like Quebec⁸.

⁷ Hansard of the Government of Nunavut, Sustainable Development Minister's Statement on C-Band. (October 2002)

⁸ Licensed daycares cost Quebec citizens \$5 dollars per day. In March 2003, the provincial government announced that it would provide funds to open up an additional 50,000 subsidized spaces for children.

Obviously, families with children who are not in school pay more for child care services than families with older children. Thirteen out of every one-hundred people are under five years old in Nunavut. This is more than double the number for the rest of Canada, where six out every one-hundred people are under five.

In 2001, the Conference Board of Canada highlighted the contribution that access to child development programs make to the physiological and social development of the most important developmental years of children, which are between 0 to 6 years. They consider access to child care services as critical to this development. The issue of lack of quality child care services is a frequently identified problem in Nunavut and affects the ability of parents to participate in the work force, particularly for women who are willing to move to another community for a job⁹.

The Government of Nunavut, must not only consider initiatives that increase the number of available child care spaces and services available, but also should consider strategies directed specifically at its employees, especially employees from Nunavut who in all likelihood have young children who require child care services. Their ability to take a job and to remain productive will depend on their ability to access quality care for their children.

Like the cost of food, Nunavut household spend 84% more for household supplies like cleaning materials and toilet paper. Each month Nunavut households spend \$76 per month, compared to \$41 per month in Canada as a whole. Again, it is the higher cost to transport and store goods in Nunavut, the inability to shop for bargains, and larger family size that contribute to higher expenditures.

An Equalization payment must consider the higher expenditures on household operations in terms of childcare, communications and freight.

⁹ Conference Board of Canada, Nunavut Economic Outlook: An Examination of the Nunavut Economy. (May 2002). pp 22-23

PERSONAL CARE AND CLOTHING

“Personal care” includes personal hygiene items, hairdressing, and clothes for example. Costs associated with the purchase of diapers are considered separately. Clothing includes both manufactured clothes and material for sewing clothes.

Nunavut households spend about the same on personal care as households in the rest of Canada. While costs are significantly higher in Nunavut for these items, the amount of disposable income that could be dedicated to them is lower. Households in Nunavut purchase fewer soaps and shampoos than southern families.

It is the expense on diapers that is significantly higher in Nunavut compared to Canada at large. Nunavut households spend *6 times more* on diapers than Canadian households, which reflects Nunavut’s very young population, and the high costs to ship and store diapers in Nunavut. Twenty-nine percent of Nunavut families purchase diapers, compared to 8% of Canadian.

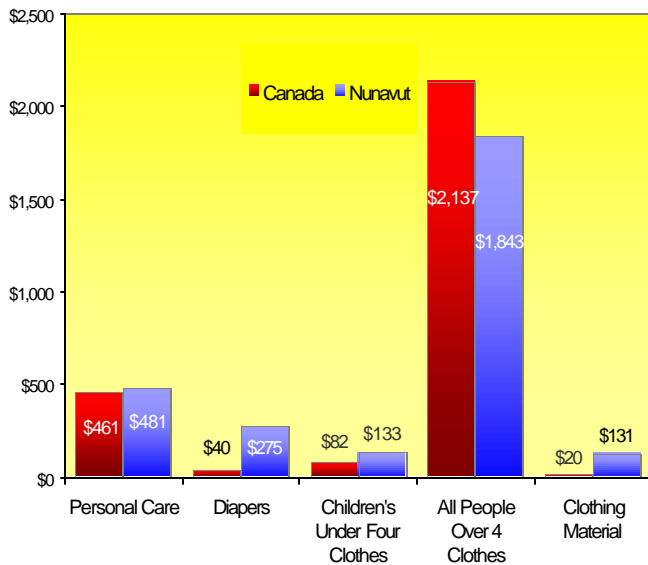


Figure 5: Average Household Personal Expenditures in Canada and Nunavut

Nunavut families spend more on clothing and accessories for children in Nunavut compared to their southern counterparts, again, because costs are higher and families are younger. Nunavut families also spend more on clothing material, but less on

manufactured clothing for adults. Lower expenditures are probably a result of the limited selection that is available, and the lower levels of disposable income for most families.

Finally, more households in Nunavut make their own clothes than households in other parts of Canada. Each year, families spend 5 times more on materials related to sewing clothes. This is one indication of the self-reliant nature of Nunavut’s families, and the amount of production within households for family consumption, items which are purchased in other parts of Canada. While purchasing material for clothes is beyond the scope of an equalization payment for the Government of Nunavut, self-reliance and work that is done without pay should be encouraged because of the significant contribution that they make to household wealth and well-being.

The Nunavut Equalization payment must address the expenditures that households make for children’s items like clothing and diapers, and support the self-reliant nature of most households.

TRANSPORTATION

The way communities are laid out, and the distances between them in Nunavut are different than in most other Canadian communities. Within Nunavut communities, buildings and homes are close to one another, usually within easy walking distance. On the other hand, the distances between communities are very large and there are no roads or other land-based transportation systems connecting them. These two facts have considerable impact on the amounts of money Nunavut families spend on transportation, and how those dollars are spent. Further, a large proportion of Nunavut’s population spends a significant amount of time on the land; whether this is to hunt, camp, or fish.

Compared to the rest of Canada, Nunavut households do not spend a lot of money to purchase cars, trucks or vans because there are not a lot of roads or places to drive to. However, families spend much more on what Statistics Canada considers to be

“recreational” vehicles – snowmobiles, and all-terrain vehicles – which in Nunavut are regular modes of transportation, as they are considered in this analysis.

Except for air travel, Nunavut households spend less on purchasing vehicles, and on their operations. On average, households spend \$4,000 per year to purchase, operate and maintain their vehicles. The average Canadian household spends 37% more at \$6,300 per year.

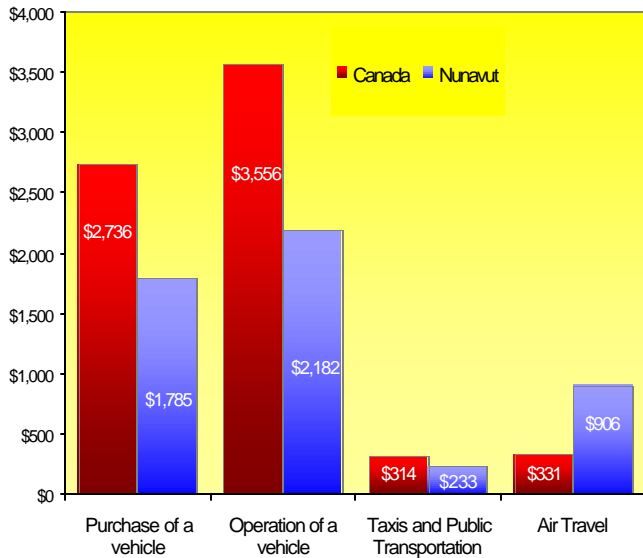


Figure 6: Average Household Expenditures on Transportation in Canada and Nunavut

There are few forms of public transportation in Nunavut and most people who do not have a vehicle use taxis to get from one place to another if they can't walk. In southern Canada, people spend money on public transportation like buses within their communities. Nunavut households spend 25% less than Canadians at large on public transportation, at \$233 per year, compared to \$331 per year.

There are no roads linking communities to one another, people who want to travel outside of their community rely on air travel. Households in Nunavut spend three times as much on air travel than do their southern counterparts. This reflects not only the heavier reliance on airplanes for travel, but also the higher airfares charged to travel from

one community to another. Each year, Nunavut households spend an average of \$906 on air travel, compared to \$331 for the average Canadian household.

Many Nunavut households hunt or fish, which contributes significantly to the quality and quantity of food on the table. Hunting and fishing have an associated cost for fuel and maintenance.

An appropriate equalization allowance must consider expenditures on fuel and the heavy reliance of Nunavummiut on air travel to get from one community to another.

EDUCATION, READING AND RECREATION

Expenditures on education and reading materials by Nunavut households are disturbingly low compared to the rest of Canada. There are several likely reasons for this including the inaccessibility of books both as a factor of cost and availability, the relatively low number of learning opportunities available to Nunavut citizens, and the limited number of resources available in Inuktitut.

This is a disturbing situation for two reasons. First, with its very young population, expenditures on books and learning resources should be proportionately higher in Nunavut than in southern Canada.

The second reason for concern is the need for constant learning in today's knowledge-based economy. While the average household in Southern Canada spends \$650 per year on post-secondary learning fees, most Nunavut households spend little or nothing.

Some of this can be explained by the Department of Education's financial assistance programs, but it also reflects the fact that Nunavut workers are not taking the courses that they will need to continue to do their jobs effectively. Not only does the Government of Nunavut need to make specific professional development opportunities more accessible for its employees, it must also ensure that employees are compensated for the higher cost to maintain their professional credentials

if it expects to maintain a workforce able to deal with an ever-changing future. Accessibility has a cost attached to it.

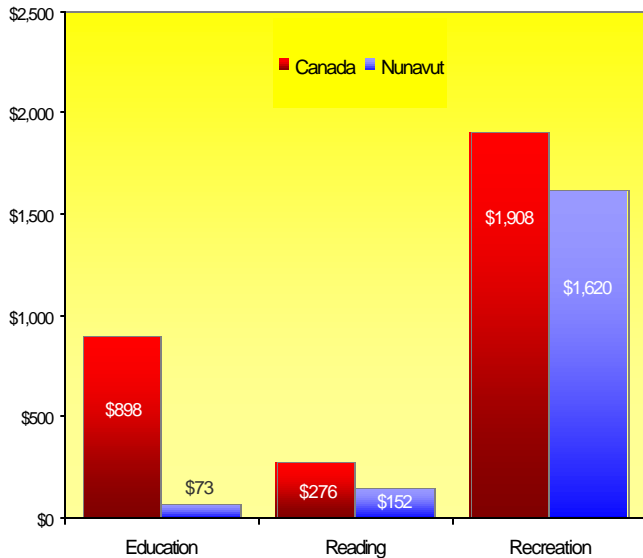


Figure 7: Average Expenditures on Education and Recreation in Canada and Nunavut

Recreation is often associated with quality of life and well-being. While all Nunavut communities have a community hall where dances, ball hockey and other organized community events take place, most do not have public fitness facilities like swimming pools and arenas, and most do not have museums or movie theatres. Many schools open their gymnasiums for volleyball, badminton, and other sports activities, but these are usually available for several hours in the evening, and not at all during the summer. Physical activity has a direct relationship to health, well-being and productivity. Compensation for households to create these facilities in their homes, or a public investment in community infrastructure is required.

Nunavut households spend \$833 per year on home entertainment equipment and video rentals, 46% more than southern Canadian households, which spend \$570. This is a direct result of the facts that other forms of entertainment are not available in most communities, and the costs of available entertainment are higher in Nunavut.

Canadian households overall spend more money than Nunavut households on entertainment and most of it takes place outside of their homes. That fact is important because public entertainment where people leave their homes and participate in an activity with their broader community is a factor of social cohesion, which contributes significantly to well-being.

SUMMARY

Although it will provide some information about costs, an analysis of household spending is valuable because it provides information about normal spending patterns. These spending patterns usually are a result of family structure, cultural norms, infrastructure, services available, climate and environmental conditions.

In Nunavut, several key facts can be drawn from household spending patterns.

1. Nunavut families are larger and younger than they are in the rest of Canada. Spending on food, household operations and child related products and services is much higher as a result. The availability of quality early childhood education services (daycares and family resource centres) plays a large role in the success of people in the workplace, particularly for women.
2. Many Nunavut households produce goods and services like country food and clothing, for family use that are normally purchased as finished products or services in southern Canada. The in-kind contribution that this production makes has very positive impact on household wealth and well-being.
3. Either learning opportunities are not available for people who are working in Nunavut, or Nunavummiut do not view lifelong learning as an important part of their career development. This is a serious issue that must be addressed if the Government of Nunavut workforce is to remain equipped to do their jobs.

4. Nunavut's cold climate, and periods of darkness in the winter increase the amount of electricity and fuel that households uses for heat and power.
5. The geography of Nunavut communities and the territory as a whole mean that the costs associated with traveling within communities is lower compared to Canada, while the costs of traveling between communities, which is done almost completely by airplane, are higher.
6. More money is spent on home entertainment than on any other form of recreation in Nunavut. There are serious implications to social cohesion and a sense of community as more people spend their time at home, and not at a community gathering place. There are also significant financial costs associated with this.

The Government of Nunavut's equalization payment must be structured around the existing spending patterns of Nunavummiut, and address the social and environmental reasons for increased spending.

COSTS OF LIVING

The costs of living in Nunavut are higher than they are in any other Canadian jurisdiction. Food, fuel, electricity, housing, consumer goods all cost more here than they do in other parts of Canada. Travel between communities in Nunavut, and to communities outside of the territory is more expensive than the costs to travel between communities in southern Canada.

These increased costs are a result of the air and sea freight charges to import goods, the demands of Nunavut's climate, population density, the low level of competition among retail businesses, the costs associated with time spent waiting for goods and services. These costs differ from one community to another within Nunavut and increase or decrease year to year.

There are several ways to estimate the higher costs to live in Nunavut communities. One approach comes from a survey of the costs to purchase goods and services in communities, and uses the difference between these costs

and costs in a reference community (or average communities) to establish a "difference" or index. Food and consumer price indexes are examples of this approach.

A second approach measures the major factors that make up the higher costs. Air freight and sea lift costs, costs associated with storage, actual costs of fuel and electricity, air plane tickets, rents are some measures that can be captured directly for communities in Nunavut and southern Canada.

The third approach develops "indicators" of a situation. For example, population size may be used as an indicator for the number of classrooms or for the amount of water that will be needed in the future. Population is a good indicator of these things. However, indicators are easily used improperly in Nunavut because of the small population size. Indicators are used incorrectly when a straight one-to-one relationship does not exist. For example, population size cannot be related to the number of cars in Nunavut communities because it is community geography (size) and the road system that are the other determinants of car ownership, not simply population. Indicators should be used very cautiously in Nunavut, and not at all if more direct measures are available.

In this discussion paper, cost of living differentials and factor costs are used as much as possible as the method to determine the increased cost of living in Nunavut compared to southern Canada. Indicators are only used in combination with these two approaches.

The next step in identifying the higher overall cost of living in Nunavut is to figure out what to include. The major source of information about this comes from the Survey of Household Expenditures, which measures what Nunavummiut are actually spending their money on. However, in deciding on the specific measures that identify the dollar values of the higher cost of living in Nunavut, assumptions, and value choices are made.

For example, a cost of living payment for the higher cost of food could be based on costs associated with freight rates: food mail and

sealift, or it could be based on the cost of purchasing food at the local store. The decision to provide a payment to cover freight costs will have several outcomes. First, local stores will not be supported since people would be encouraged to shop in southern communities, and ship their goods up. Two, it assumes that the costs to store goods over a year for non-perishable items will be borne by the purchaser. Three, it assumes that people have the thousands of dollars it costs to purchase a sealift order each spring. Finally it assumes that large orders of food will be used to feed only one family. In fact, among Nunavummiut, sealift orders often are distributed quickly amongst extended families and community at large, in much the same way as other food items.

There are several values that determined what is included in this analysis of the increased cost of living. These values are reflected in assumptions that are made about Government of Nunavut, its employees, their living environments, and their increased costs of living.

1. The Government of Nunavut is committed to hiring Inuit employees.
2. Inuit families are larger, with younger dependants compared to southern Canadian families.
3. Actual consumption patterns should be used to measure costs of living, not "ideal" measures, based in theory.
4. As much as possible, the Government of Nunavut will use its spending, including spending on wages, salaries and benefits paid to its employees, to support local, community economies.
5. The Government of Nunavut encourages home ownership for its employees.
6. The Government of Nunavut is committed to lifelong learning.
7. The Government of Nunavut supports and encourages the work done in the household and in the land-based economy.

8. Most cost of living differentials can be identified directly, and not through indicators.

Once the base line for the higher cost of living in Nunavut is established relative to Southern Canada, an adjustment for after-tax income is necessary. All goods and services in Nunavut are purchased with disposable income, that is, income that has had income tax deducted. Because the purchasing power of after-tax income is significantly lower than before-tax income, and since cost of living adjustments are paid as a taxable benefit (like wages), the actual increased cost of living can only be compensated for through a formula that covers higher costs as they are experienced in after-tax dollars.

Based on the methodology and assumptions described, this section explores the actual higher costs of living in Nunavut and uses the most recently available rates charged for goods and services in Nunavut, compared to the rest of Canada.

COST OF FOOD

In this analysis, the higher cost of food is based on Food Prices Indexes for each Nunavut community. Food is separated from other household costs because it is significantly more expensive than other items that Nunavut households purchase.

There has been considerable debate about what kinds of food items should be included in a food equalization payment. The Nunavut Employees Union does not believe that what families choose to eat should be prescribed by their employer. When people choose to work for the Government of Nunavut, they do not sign on to eat what their employer considers to be an appropriate diet. While many households adjust to the different costs and availability of food in Nunavut, they will eat according to their own tastes and preferences. It is the responsibility of employers to cover the higher costs of food according to the diets that people are accustomed to. Therefore, this analysis focuses on the difference between the average costs of food in Nunavut, compared to Canada as a whole.

The average cost of food in Nunavut is double the cost in southern Canada.

In 2001, Statistics Canada conducted a survey that measured the amount that

Canadian families spent on food. On average, Canadian families (average of 4 people) spend \$171 per week on food, while Canadian

Table 4: Higher Cost of Food in Nunavut Compared to Southern Canada

	Index	Single	Family Two	Family Three	Family Four	Family Five	Family Six
Arctic Bay	201	\$3,464	\$4,825	\$5,611	\$6,397	\$8,126	\$9,855
Arviat	192	\$3,170	\$4,283	\$4,957	\$5,632	\$7,170	\$8,708
Baker Lake	214	\$3,927	\$5,678	\$6,638	\$7,598	\$9,628	\$11,657
Cambridge Bay	202	\$3,507	\$4,903	\$5,704	\$6,506	\$8,262	\$10,019
Cape Dorset	206	\$3,633	\$5,135	\$5,985	\$6,834	\$8,672	\$10,510
Chesterfield Inlet	221	\$4,137	\$6,066	\$7,105	\$8,144	\$10,310	\$12,476
Clyde River	205	\$3,591	\$5,058	\$5,891	\$6,724	\$8,535	\$10,347
Coral Harbour	216	\$3,969	\$5,756	\$6,732	\$7,707	\$9,764	\$11,821
Gjoa Haven	208	\$3,717	\$5,290	\$6,171	\$7,052	\$8,945	\$10,838
Grise Fiord	217	\$4,011	\$5,833	\$6,825	\$7,817	\$9,901	\$11,985
Hall Beach	207	\$3,675	\$5,213	\$6,078	\$6,943	\$8,809	\$10,674
Igloolik	214	\$3,927	\$5,678	\$6,638	\$7,598	\$9,628	\$11,657
Iqaluit	194	\$3,212	\$4,360	\$5,051	\$5,741	\$7,307	\$8,872
Kimmirut	218	\$4,053	\$5,911	\$6,918	\$7,926	\$10,037	\$12,149
Kugaaruk	232	\$4,516	\$6,763	\$7,945	\$9,127	\$11,539	\$13,951
Kugluktuk	200	\$3,422	\$4,748	\$5,518	\$6,287	\$7,989	\$9,691
Pangnirtung	201	\$3,464	\$4,825	\$5,611	\$6,397	\$8,126	\$9,855
Pond Inlet	206	\$3,633	\$5,135	\$5,985	\$6,834	\$8,672	\$10,510
Qikiqtarjuaq	201	\$3,464	\$4,825	\$5,611	\$6,397	\$8,126	\$9,855
Rankin Inlet	201	\$3,464	\$4,825	\$5,611	\$6,397	\$8,126	\$9,855
Repulse Bay	214	\$3,927	\$5,678	\$6,638	\$7,598	\$9,628	\$11,657
Resolute Bay	223	\$4,222	\$6,221	\$7,292	\$8,363	\$10,583	\$12,804
Sanikiluaq	186	\$2,960	\$3,895	\$4,491	\$5,086	\$6,487	\$7,889
Taloyoak	216	\$3,969	\$5,756	\$6,732	\$7,707	\$9,764	\$11,821
Whale Cove	212	\$3,843	\$5,523	\$6,451	\$7,380	\$9,355	\$11,330
Average	208	\$3,715	\$5,287	\$6,168	\$7,048	\$8,940	\$10,832

households with just one person spend \$66 per week on food. If the higher costs in Nunavut are accounted for in both cases, food costs for employees with 3 dependants would, on average be \$344 per week while the average cost for a household with one person would be \$133 per week.

Further, for families with dependents, household sizes are larger in Nunavut with an average of 5 people, not 4. Therefore, taking into account larger household size, the average cost of food for Nunavut families is \$446 per week. These high costs are offset in many Nunavut households by country food,

which contributes significantly to food consumed. The contribution that country food makes to Nunavut diets is about \$60 per week worth of food, which significantly offsets increased family size and reduces the average weekly cost of food to \$386 per week.

The Government of Nunavut must consider the different costs experienced by households with dependants compared to single-person households. It must also consider the relative costs of food in one community compared to another. The table above outlines the recommended annual equalization payment for households with one person, and

households with different numbers of dependants, by community.

Table 5: Higher Costs of Consumer Goods in Nunavut Compared to Southern Canada

Community	Annual Freight Payment Family	Annual Freight Payment Single
Arctic Bay	\$2,015	\$1,378
Arviat	\$3,015	\$2,114
Baker Lake	\$3,044	\$2,133
Cambridge Bay	\$3,331	\$2,353
Cape Dorset	\$1,786	\$1,224
Chesterfield Inlet	\$2,970	\$2,084
Clyde River	\$2,356	\$1,605
Coral Harbour	\$3,158	\$2,209
Gjoa Haven	\$3,873	\$2,720
Grise Fiord	\$2,504	\$1,704
Hall Beach	\$1,952	\$1,337
Igloolik	\$1,952	\$1,337
Iqaluit	\$1,166	\$807
Kimmirut	\$1,628	\$1,119
Kugaaruk	\$4,029	\$2,824
Kugluktuk	\$3,447	\$2,425
Pangnirtung	\$1,666	\$1,144
Pond Inlet	\$2,575	\$1,751
Qikiqtarjuaq	\$1,858	\$1,273
Rankin Inlet	\$2,627	\$1,855
Repulse Bay	\$1,734	\$1,192
Resolute	\$2,015	\$1,378
Sanikiluaq	\$2,792	\$1,965
Taloyoak	\$4,000	\$2,807
Whale Cove	\$2,949	\$2,070
AVERAGE¹⁰	\$2,578	\$1,792

CONSUMER GOODS

Consumer goods include things like diapers, clothing, sewing machines, cleaning supplies and furniture. It is the cost to ship these goods to Nunavut, and if purchased locally, the cost of storage that makes consumer

¹⁰ Average cost of freight does not include Kugaaruk since the very high costs of air freight to this community skew the average unnecessarily.

goods more expensive in Nunavut. Covering the costs of freight compensates for the higher costs to purchase consumer goods in Nunavut.

Freight rates are calculated as 1,750 kg per year, per family for sealift or barge freight, and 1,250 kg per year for single people. An air freight payment of 150 kg for families and 100 kg for single people is used.

Some communities do not get an annual sealift / barge service because of ice conditions. This makes the cost of living for people living there extremely high since airfreight is used exclusively to import goods. If this happens on a predictable basis, freight payments at the higher airfreight rate should be used.

The consumption of consumer goods is higher for families than for single people. Two equalization payments are recommended.

SHELTER

Shelter includes all of those costs that are related to keeping a household running: rent or mortgage, home heating fuel, electricity, and utilities. Insurance and property taxes are not considered in this analysis.

This part of a cost of living equalization payment is very challenging because of the split between Government of Nunavut employees who live in government housing, and those who live in their own homes or rent privately. As with the food component which separated single employees from employees with dependents, an equalization payment accounting for the higher costs of shelter must address those employees who do not live in government housing.

People who live in government housing are heavily subsidized by the Government of Nunavut. Rent subsidies amount to between \$800 and \$1,600 per month, tax-free. People living in Government of Nunavut housing are usually responsible for covering the costs of power, and utilities if they live in detached, townhouses or semi-detached units. People who live in apartments or duplexes, typically have the costs of utilities covered.

Although home ownership is desirable for most people, it has a very serious cost to Government of Nunavut employees. Rent, fuel and sometimes utilities subsidies are immediately lost. This has an average value of at least \$18,000 per year, most of which comes from rent subsidies. This is non-taxed dollars.

To take this into account, this analysis separates households living in government housing from those living in private dwellings, and develops a suitable equalization payment for each situation.

Table 6: Higher Costs of Home Heating in Nunavut Compared to Southern Canada for Private Homeowners and Renters

Community	Higher Annual Heating Costs in Nunavut
Arctic Bay	\$2,283
Arviat	\$2,427
Baker Lake	\$2,475
Cambridge Bay	\$2,619
Cape Dorset	\$2,235
Chesterfield Inlet	\$2,427
Clyde River	\$2,235
Coral Harbour	\$2,475
Gjoa Haven	\$2,907
Grise Fiord	\$2,331
Hall Beach	\$2,283
Igloolik	\$2,235
Iqaluit	\$1,289
Kimmirut	\$2,197
Kugaaruk	\$3,080
Kugluktuk	\$2,427
Pangnirtung	\$2,235
Pond Inlet	\$2,235
Qikiqtarjuaq	\$1,995
Rankin Inlet	\$2,427
Repulse Bay	\$2,475
Resolute	\$2,513
Sanikiluaq	\$2,139
Taloyoak	\$2,907
Whale Cove	\$2,379
AVERAGE	\$2,369

Fuel, electricity and utilities cost more in Nunavut than in other parts of Canada, despite the substantial subsidies that the Government of Nunavut provides to offset these costs for all households.

The actual cost of fuel to heat homes is higher in Nunavut relative to other places in Canada because of the high cost to ship and store it. It is also higher because there are very few choices available for households to heat their homes. For example, neither propane nor natural gas is used in Nunavut.

Besides the higher factor costs associated with heating a household in Nunavut, the long periods of darkness and cold climate also need to be considered in developing an appropriate equalization payment. Nunavut households require more fuel than southern households, because the climate is colder. Environment Canada produces a map that identifies these differences compared to other parts of Canada. All Nunavut communities are all substantially colder and darker than in other parts of Canada.

The average household in southern¹¹ Canada spends \$1,307 per year on heat. In Nunavut, the average cost, based on an annual consumption of 4,800 litres of heating oil, is \$3,677 per year, which is 181% higher, or almost double the cost. This means that the increased cost for heating fuel each year is \$2,369.

No distinction is made between families or single individuals. While the square footage of a home will likely increase with family size, it will not be a significant enough increase to merit two scales.

Electricity also costs more in Nunavut compared to other parts of Canada. The average cost of power in four designated communities, Winnipeg, Montreal, Ottawa and Edmonton is \$0.072 per kilowatt hour (kWh). With subsidies, the Nunavut Power Corporation charges \$0.1522 per kWh, for up to 700 kWh of electricity consumed per

¹¹ "South" refers to the reference communities of Montreal, Ottawa, Winnipeg and Edmonton.

month. This means that in all communities the Government of Nunavut must provide \$673.68 per year to cover the higher costs of power.

Water costs are higher in Nunavut than they are in Southern Canada for people living in private dwellings. The average cost of water in the south is 9¢ per 100 litres compared to an average cost of 33¢ per 100 litres in Nunavut.

Table 7: Higher Costs of Water in Nunavut Compared to Southern Canada for Private Homeowners and Renters

Community	Higher Annual Cost of Water in Nunavut Family	Higher Annual Cost of Water in Nunavut Single
Arctic Bay	\$1,143	\$441
Arviat	\$603	\$182
Baker Lake	\$603	\$182
Cambridge Bay	\$1,443	\$585
Cape Dorset	\$603	\$182
Chesterfield Inlet	\$783	\$268
Clyde River	\$1,173	\$456
Coral Harbour	\$603	\$182
Gjoa Haven	\$603	\$182
Grise Fiord	\$603	\$182
Hall Beach	\$603	\$182
Igloolik	\$873	\$312
Iqaluit	\$843	\$297
Kimmirut	\$453	\$110
Kugaaruk	\$603	\$182
Kugluktuk	\$843	\$297
Pangnirtung	\$783	\$268
Pond Inlet	\$993	\$369
Qikiqtarjuaq	\$243	\$9
Rankin Inlet	\$603	\$182
Repulse Bay	\$603	\$182
Resolute	\$603	\$182
Sanikiluaq	\$1,863	\$787
Taloyoak	\$783	\$268
Whale Cove	\$453	\$110
AVERAGE	\$772	\$263

When higher consumption rates¹² are factored in because of larger household size in Nunavut, the average increased cost of water is \$772 annually for families and \$263 annually for single people. The actual cost of water in all Nunavut communities varies considerably. In Qikiqtarjuaq, homeowners pay 15¢ for 100 litres of water while homeowners pay 69¢ in Sanikiluaq. The equalization adjustment needs to take this variability into consideration.

TRANSPORTATION

There are two parts to transportation costs, the costs to travel within a community, and on the land, and the costs to travel by air into and out of communities. As was pointed out earlier, we spend less on vehicles and their operation to travel by land, but considerably more to fly from one community to another in Nunavut.

TRANSPORTATION WITHIN COMMUNITIES

In its offer to Power Corporation employees, the Government of Nunavut identified that its employees consumed 1,200 litres of gasoline per year, which equals about one jerry can of fuel every week. This is a reasonable assumption for average fuel consumption.

The average cost of gasoline is 58% more expensive in Nunavut at \$0.87 per litre compared to the south at \$0.55 per litre. While gasoline costs are different community to community, on average, an equalization payment of \$384 will cover the higher costs to purchase 1,200L of fuel each year.

No distinction is made between employees with dependants and single employees. While households with dependants are more likely to have more than one person using a vehicle, a single individual is more likely to be using his or her vehicle more intensely.

¹² The average consumption rate for a family of three in southern Canada is 20,000 L per month. In Nunavut, average consumption is estimated to be 25,000 for families of four. Consumption for a single individual is estimated at 12,000 L per month.

Table 8: Higher Cost of Gasoline in Nunavut Compared to Southern Canada

Community	Higher Annual Cost of Fuel
Arctic Bay	\$374
Arviat	\$422
Baker Lake	\$410
Cambridge Bay	\$443
Cape Dorset	\$362
Chesterfield Inlet	\$422
Clyde River	\$338
Coral Harbour	\$443
Gjoa Haven	\$443
Grise Fiord	\$338
Hall Beach	\$338
Igloolik	\$338
Iqaluit	\$423
Kimmirut	\$362
Kugaaruk	\$443
Kugluktuk	\$443
Pangnirtung	\$338
Pond Inlet	\$374
Qikiqtarjuaq	\$362
Rankin Inlet	\$314
Repulse Bay	\$362
Resolute	\$374
Sanikiluaq	\$266
Taloyoak	\$442
Whale Cove	\$422
AVERAGE	\$384

TRAVEL BETWEEN COMMUNITIES: COVERING THE HIGH COST OF AIRFARES

Airplane travel is more expensive than traveling by car, bus, or rail. All major employers in Nunavut, including the Government of Nunavut, identify air travel as an exceptional cost that needs to be covered for people working in Nunavut.

However, there is a direct, one-to-one relationship between family size and airfare costs. It is therefore necessary to provide an adequate compensation to cover the costs of traveling outside of their community for families.

Single people are in unique situations. It is less likely that this group will be living close to their families. Thus, single employees should be provided with the cost to take two trips instead of one so that they are able to remain in contact with their families.

Table 9: Annual Cost for Airline Travel, H-Class (Hospitality or Economy) Tickets

	Single	Family Two	Family Three	Family Four	Family Five	Family Six
Arctic Bay	\$4,820	\$4,820	\$7,230	\$9,640	\$12,050	\$14,460
Arviat	\$3,692	\$3,692	\$5,538	\$7,384	\$9,230	\$11,076
Baker Lake	\$3,802	\$3,802	\$5,703	\$7,604	\$9,505	\$11,406
Cambridge Bay	\$2,960	\$2,960	\$4,440	\$5,920	\$7,400	\$8,880
Cape Dorset	\$4,304	\$4,304	\$6,456	\$8,608	\$10,760	\$12,912
Chesterfield Inlet	\$3,270	\$3,270	\$4,905	\$6,540	\$8,175	\$9,810
Clyde River	\$4,762	\$4,762	\$7,143	\$9,524	\$11,905	\$14,286
Coral Harbour	\$4,056	\$4,056	\$6,084	\$8,112	\$10,140	\$12,168
Gjoa Haven	\$4,750	\$4,750	\$7,125	\$9,500	\$11,875	\$14,250
Grise Fiord	\$6,622	\$6,622	\$9,933	\$13,244	\$16,555	\$19,866
Hall Beach	\$4,826	\$4,826	\$7,239	\$9,652	\$12,065	\$14,478
Igloolik	\$4,822	\$4,822	\$7,233	\$9,644	\$12,055	\$14,466
Iqaluit	\$2,884	\$2,884	\$4,326	\$5,768	\$7,210	\$8,652
Kimmirut	\$3,320	\$3,320	\$4,980	\$6,640	\$8,300	\$9,960
Kugaaruk	\$5,328	\$5,328	\$7,992	\$10,656	\$13,320	\$15,984
Kugluktuk	\$3,108	\$3,108	\$4,662	\$6,216	\$7,770	\$9,324
Pangnirtung	\$3,568	\$3,568	\$5,352	\$7,136	\$8,920	\$10,704
Pond Inlet	\$5,402	\$5,402	\$8,103	\$10,804	\$13,505	\$16,206
Qikiqtarjuaq	\$4,110	\$4,110	\$6,165	\$8,220	\$10,275	\$12,330
Rankin Inlet	\$2,812	\$2,812	\$4,218	\$5,624	\$7,030	\$8,436
Repulse Bay	\$4,082	\$4,082	\$6,123	\$8,164	\$10,205	\$12,246
Resolute Bay	\$5,082	\$5,082	\$7,623	\$10,164	\$12,705	\$15,246
Sanikiluaq	\$3,126	\$3,126	\$4,689	\$6,252	\$7,815	\$9,378
Taloyoak	\$6,472	\$6,472	\$9,708	\$12,944	\$16,180	\$19,416
Whale Cove	\$3,248	\$3,248	\$4,872	\$6,496	\$8,120	\$9,744
Average	\$4,209	\$4,209	\$6,314	\$8,418	\$10,523	\$12,627

ACCESS TO SERVICES

Nunavummiut realize significant costs associated with accessing services from a distance or the costs of waiting for services. When no services are available, people often compensate by creating the service within their homes, or doing without.

There are four major forms of community services: government services, volunteer services, public recreation services and business or professional services.

The level and quality of most government services for people depends on whether frontline services are available in their communities. Outside of Rankin Inlet and Iqaluit for example, all pregnant women are required to leave their communities for about a month to wait to deliver their babies in a

hospital. During this time, they not only lose income, but incur serious costs associated with living away from home. Access to lifelong learning opportunities depends on the scope of programs running at the local Community Learning Centre, which varies considerably from community to community. Remote access to college and university programs is expensive.

In the past ten years, there has been a major movement of the federal government to recognize and support large volunteer organizations so that they take an increasing role in social development. In Nunavut, these organizations are just starting, and volunteerism is usually an informal activity within and among households. However, volunteer organizations provide services to their communities – recreation centres, financial assistance, etc. People are

compensating for their absence and this has a cost.

Municipal recreation services also vary considerably from one community to another, and this should be compensated for.

Finally, business and professional services are highly variable in Nunavut. For the most part, the diversity of the business community depends on the level of government and Inuit Organization presence that exists there. In the Kitikmeot, it will increasingly depend on mineral activity. The greatest number and selection of businesses and professionals exist in Iqaluit. After that, Rankin Inlet and Cambridge Bay have the strongest business communities. There is a serious cost associated with not being able to access business services, especially professional services.

Access is greatest in the capital, followed by the regional centres, decentralized communities and finally, it is lowest in non-decentralized communities.

The following table outlines what these costs are. The factors contributing to this table include:

- Access to Government Services
- Access to Professional Development and Life-Long Learning Opportunities
- Recreation facilities
- Volunteer Organizations
- Business and Professional Services.

Table 10: Higher Costs to Access Government and Non-Government Services in Nunavut

Community	Higher Annual Costs to Access Services
Arctic Bay	\$3,137
Arviat	\$2,637
Baker Lake	\$2,712
Cambridge Bay	\$1,837
Cape Dorset	\$2,912
Chesterfield Inlet	\$3,462
Clyde River	\$3,137
Coral Harbour	\$3,462
Gjoa Haven	\$2,637
Grise Fiord	\$3,462
Hall Beach	\$3,362
Igloolik	\$3,037
Iqaluit	\$725
Kimmirut	\$3,362
Kugaaruk	\$3,262
Kugluktuk	\$2,462
Pangnirtung	\$2,587
Pond Inlet	\$2,837
Qikiqtarjuaq	\$3,237
Rankin Inlet	\$1,462
Repulse Bay	\$3,387
Resolute	\$3,262
Sanikiluaq	\$3,387
Taloyoak	\$3,262
Whale Cove	\$3,562
AVERAGE	\$2,903

ADJUSTING FOR INCOME TAX

The average salary for GN employees¹³, including part-time or part-year employees, was \$47,500 in 2001. If only full-time, full-year employees were considered, the average salary was \$58,200 in 2001.

The average federal and territorial income tax rate for people earning \$50,000 per year is 26%. This means that for every dollar earned, \$0.71 is available to spend on goods and services.

¹³ Includes employees within and outside of the NEU bargaining unit.

People in Southern Canada also pay income tax, and provincial income tax rates are slightly higher than they are for Nunavummiut. This also must be considered when factoring after-tax income into a cost of living adjustment for Nunavut.

The following table outlines the degree to which factor costs must be adjusted for income tax to cover the higher cost of living in Nunavut.

Figure 8: Adjustment for Income Tax, Homeowners

Community	Single Person	One Dependant	Two Dependents	Three Dependents	Four Dependents	Five Dependents
Arctic Bay	\$5,308	\$6,530	\$6,885	\$7,241	\$8,023	\$8,805
Arviat	\$5,251	\$6,353	\$6,658	\$6,964	\$7,659	\$8,355
Baker Lake	\$5,652	\$7,048	\$7,482	\$7,916	\$8,834	\$9,753
Cambridge Bay	\$5,428	\$6,891	\$7,253	\$7,616	\$8,410	\$9,205
Cape Dorset	\$5,068	\$6,193	\$6,577	\$6,961	\$7,793	\$8,625
Chesterfield Inlet	\$6,088	\$7,594	\$8,064	\$8,535	\$9,515	\$10,495
Clyde River	\$5,436	\$6,765	\$7,141	\$7,518	\$8,338	\$9,157
Coral Harbour	\$6,060	\$7,488	\$7,930	\$8,371	\$9,302	\$10,232
Gjoa Haven	\$5,999	\$7,423	\$7,822	\$8,220	\$9,077	\$9,933
Grise Fiord	\$5,738	\$7,115	\$7,564	\$8,012	\$8,955	\$9,898
Hall Beach	\$5,353	\$6,518	\$6,909	\$7,300	\$8,144	\$8,988
Igloolik	\$5,357	\$6,681	\$7,116	\$7,550	\$8,468	\$9,387
Iqaluit	\$3,352	\$4,281	\$4,594	\$4,906	\$5,615	\$6,323
Kimmitut	\$5,365	\$6,591	\$7,047	\$7,502	\$8,458	\$9,413
Kugaaruk	\$6,769	\$8,521	\$9,056	\$9,591	\$10,682	\$11,773
Kugluktuk	\$5,488	\$6,797	\$7,146	\$7,494	\$8,264	\$9,034
Pangnirtung	\$4,837	\$5,922	\$6,277	\$6,633	\$7,415	\$8,197
Pond Inlet	\$5,363	\$6,698	\$7,082	\$7,466	\$8,298	\$9,130
Oikiqtarjuaq	\$4,974	\$5,961	\$6,316	\$6,672	\$7,454	\$8,236
Rankin Inlet	\$4,687	\$5,842	\$6,198	\$6,553	\$7,336	\$8,118
Repulse Bay	\$5,510	\$6,739	\$7,173	\$7,607	\$8,526	\$9,444
Resolute Bay	\$5,694	\$7,077	\$7,562	\$8,047	\$9,051	\$10,056
Sanikiluaq	\$5,501	\$6,785	\$7,054	\$7,324	\$7,958	\$8,592
Taloyoak	\$6,475	\$8,056	\$8,497	\$8,939	\$9,869	\$10,800
Whale Cove	\$5,900	\$7,213	\$7,633	\$8,053	\$8,947	\$9,840
AVERAGE	\$5,466	\$6,763	\$7,161	\$7,560	\$8,416	\$9,272

Figure 9: Adjustment for Income Tax, Employees Living in Subsidized Housing

Community	Single Person	One Dependant	Two Dependants	Three Dependants	Four Dependants	Five Dependants
Arctic Bay	\$4,075	\$4,980	\$5,335	\$5,691	\$6,473	\$7,255
Arviat	\$4,071	\$4,982	\$5,287	\$5,593	\$6,289	\$6,984
Baker Lake	\$4,450	\$5,655	\$6,089	\$6,524	\$7,442	\$8,360
Cambridge Bay	\$3,978	\$5,053	\$5,415	\$5,778	\$6,573	\$7,367
Cape Dorset	\$3,975	\$4,909	\$5,293	\$5,677	\$6,509	\$7,341
Chesterfield Inlet	\$4,868	\$6,142	\$6,612	\$7,082	\$8,062	\$9,042
Clyde River	\$4,219	\$5,223	\$5,600	\$5,977	\$6,796	\$7,615
Coral Harbour	\$4,858	\$6,096	\$6,537	\$6,979	\$7,909	\$8,840
Gjoa Haven	\$4,602	\$5,835	\$6,234	\$6,632	\$7,489	\$8,345
Grise Fiord	\$4,601	\$5,788	\$6,236	\$6,685	\$7,628	\$8,571
Hall Beach	\$4,238	\$5,212	\$5,603	\$5,995	\$6,839	\$7,683
Igloolik	\$4,205	\$5,275	\$5,710	\$6,144	\$7,062	\$7,980
Iqaluit	\$2,635	\$3,317	\$3,629	\$3,941	\$4,650	\$5,358
Kimmirut	\$4,321	\$5,392	\$5,848	\$6,304	\$7,259	\$8,214
Kugaaruk	\$5,293	\$6,855	\$7,390	\$7,925	\$9,016	\$10,107
Kugluktuk	\$4,256	\$5,318	\$5,666	\$6,014	\$6,784	\$7,554
Pangnirtung	\$3,705	\$4,556	\$4,912	\$5,267	\$6,050	\$6,832
Pond Inlet	\$4,185	\$5,237	\$5,621	\$6,006	\$6,837	\$7,669
Qikiqtarjuaq	\$4,068	\$4,948	\$5,304	\$5,659	\$6,441	\$7,224
Rankin Inlet	\$3,506	\$4,471	\$4,827	\$5,182	\$5,965	\$6,747
Repulse Bay	\$4,308	\$5,346	\$5,780	\$6,215	\$7,133	\$8,051
Resolute Bay	\$4,474	\$5,667	\$6,152	\$6,637	\$7,641	\$8,646
Sanikiluaq	\$4,177	\$4,974	\$5,244	\$5,513	\$6,147	\$6,781
Taloyoak	\$5,038	\$6,386	\$6,828	\$7,269	\$8,200	\$9,130
Whale Cove	\$4,774	\$5,932	\$6,352	\$6,772	\$7,666	\$8,559
AVERAGE	\$4,275	\$5,342	\$5,740	\$6,138	\$6,994	\$7,850

SUMMARY

This analysis considers the actual higher costs in Nunavut that make living here more expensive than in Southern Canada. It also considers the difference between the higher costs that families have to pay, relative to the costs that single people pay. Finally, this analysis recognizes that employees who live in their own homes, or who rent privately have higher costs for shelter than employees living in subsidized, Government of Nunavut housing.

The higher equalization payment for homeowners and people renting housing privately covers only the higher costs associated with maintaining their residences in Nunavut.

The summary table on the following page outlines all factor costs associated with the proposed equalization payment for Government of Nunavut employees.

There is an increase for employees who have dependants, for homeowners and for people who are renting privately. An equalization payment is designed to offset the higher costs of living in Nunavut, and as with the higher costs that all employees experience, those employees with dependants and/or those who own their homes or rent privately are paying a greater share of higher costs, than employees without dependants and/or employees living in subsidized housing.

Wherever possible, the equalization payment should also try to achieve the broader objectives of the employer.

The Government of Nunavut must hire a workforce representative of the population it serves to fulfill its land claims obligations. This means that 85% of the Government of Nunavut's workforce must be Inuit. Inuit families are larger and younger than non-Inuit families and the Government of Nunavut should take this into consideration when developing and applying its cost of living equalization payment.

For many families, it is more economical to remain on social assistance than it is to take a full-time job with the Government of Nunavut, particularly when social housing is factored in. The costs of rent, food, and costs to work like paying for childcare and work clothing are simply too high to break even with social assistance.

Because of the subsidized employee housing shortages in all Nunavut communities, many Government of Nunavut departments have been unable to attract people to vacant positions. This is partially a result of no equalization payment for the higher costs of owning a home or renting privately. Taking an approach that offsets the higher costs of running a private household will encourage people to build or buy their own homes or even to rent privately. This will contribute to the Government's objective to reduce housing shortages in Nunavut.

Finally, the Government of Nunavut has committed itself to developing a skilled, local workforce capable of taking full advantage of its job opportunities. It also recognizes the need for lifelong learning that ensures employees remain on top of the rapid change taking place in their jobs. The cost to access professional development opportunities and to purchase the resources that support these is more expensive in Nunavut than in most other parts of Canada. Providing an adequate equalization, along with other specifically targeted training is required.

Table 11: Nunavut Employees Union Proposed Equalization Payment for Homeowners

Community	Single Person	Family of Two	Family of Three	Family of Four	Family of Five	Family of Six
Arctic Bay	\$21,860	\$25,782	\$29,333	\$32,884	\$37,806	\$42,727
Arviat	\$20,550	\$24,087	\$26,913	\$29,739	\$33,819	\$37,899
Baker Lake	\$21,948	\$26,426	\$29,722	\$33,017	\$37,866	\$42,715
Cambridge Bay	\$20,386	\$25,080	\$27,725	\$30,369	\$34,400	\$38,431
Cape Dorset	\$20,575	\$24,185	\$27,570	\$30,955	\$35,777	\$40,600
Chesterfield Inlet	\$22,813	\$27,649	\$30,794	\$33,938	\$38,719	\$43,500
Clyde River	\$22,214	\$26,478	\$30,069	\$33,660	\$38,672	\$43,683
Coral Harbour	\$23,510	\$28,095	\$31,540	\$34,986	\$40,001	\$45,017
Gjoa Haven	\$24,009	\$28,581	\$32,236	\$35,890	\$41,014	\$46,139
Grise Fiord	\$25,042	\$29,463	\$34,215	\$38,966	\$45,304	\$51,642
Hall Beach	\$22,010	\$25,749	\$29,419	\$33,088	\$38,211	\$43,334
Igloolik	\$22,019	\$26,271	\$30,077	\$33,882	\$39,241	\$44,600
Iqaluit	\$13,646	\$16,629	\$19,074	\$21,519	\$25,234	\$28,950
Kimmirut	\$20,543	\$24,478	\$27,601	\$30,725	\$35,452	\$40,178
Kugaaruk	\$27,057	\$32,684	\$37,065	\$41,446	\$47,613	\$53,780
Kugluktuk	\$20,727	\$24,929	\$27,601	\$30,273	\$34,299	\$38,325
Pangnirtung	\$19,097	\$22,579	\$25,504	\$28,429	\$32,724	\$37,020
Pond Inlet	\$22,618	\$26,904	\$30,838	\$34,772	\$40,143	\$45,514
Qikiqtarjuaq	\$20,079	\$23,246	\$26,442	\$29,638	\$34,204	\$38,771
Rankin Inlet	\$17,858	\$21,568	\$24,115	\$26,662	\$30,579	\$34,497
Repulse Bay	\$21,772	\$25,715	\$29,151	\$32,586	\$37,575	\$42,563
Resolute Bay	\$23,361	\$27,803	\$31,899	\$35,996	\$41,762	\$47,529
Sanikiluaq	\$20,785	\$24,908	\$27,336	\$29,764	\$33,362	\$36,961
Taloyoak	\$27,257	\$32,333	\$36,986	\$41,640	\$47,863	\$54,087
Whale Cove	\$22,188	\$26,405	\$29,377	\$32,349	\$36,842	\$41,334
Average	\$21,757	\$25,921	\$29,304	\$32,687	\$37,539	\$42,392
Average of All						\$31,600

Table 12: Nunavut Employees Union Proposed Equalization Payment for Employee's Living In Subsidized Housing

Community	Single Person	Family of Two	Family of Three	Family of Four	Family of Five	Family of Six
Arctic Bay	\$17,903	\$20,806	\$24,357	\$27,908	\$32,830	\$37,751
Arviat	\$16,760	\$19,686	\$22,512	\$25,338	\$29,418	\$33,498
Baker Lake	\$18,089	\$21,956	\$25,251	\$28,546	\$33,395	\$38,244
Cambridge Bay	\$15,732	\$19,180	\$21,825	\$24,469	\$28,500	\$32,531
Cape Dorset	\$17,065	\$20,063	\$23,448	\$26,833	\$31,655	\$36,477
Chesterfield Inlet	\$18,898	\$22,987	\$26,131	\$29,276	\$34,057	\$38,838
Clyde River	\$18,306	\$21,528	\$25,119	\$28,710	\$33,722	\$38,733
Coral Harbour	\$19,651	\$23,624	\$27,070	\$30,515	\$35,531	\$40,546
Gjoa Haven	\$19,522	\$23,483	\$27,137	\$30,792	\$35,916	\$41,041
Grise Fiord	\$21,393	\$25,202	\$29,953	\$34,704	\$41,043	\$47,381
Hall Beach	\$18,430	\$21,558	\$25,227	\$28,896	\$34,019	\$39,142
Igloolik	\$18,321	\$21,757	\$25,562	\$29,368	\$34,727	\$40,085
Iqaluit	\$11,342	\$13,531	\$15,976	\$18,421	\$22,137	\$25,852
Kimmirut	\$17,193	\$20,630	\$23,753	\$26,876	\$31,603	\$36,330
Kugaaruk	\$22,320	\$27,335	\$31,716	\$36,096	\$42,263	\$48,430
Kugluktuk	\$16,771	\$20,179	\$22,852	\$25,524	\$29,549	\$33,575
Pangnirtung	\$15,461	\$18,195	\$21,120	\$24,045	\$28,341	\$32,636
Pond Inlet	\$18,836	\$22,215	\$26,149	\$30,084	\$35,455	\$40,826
Qikiqtarjuaq	\$17,168	\$19,995	\$23,191	\$26,387	\$30,954	\$35,520
Rankin Inlet	\$14,068	\$17,167	\$19,714	\$22,261	\$26,178	\$30,096
Repulse Bay	\$17,913	\$21,244	\$24,680	\$28,115	\$33,104	\$38,093
Resolute Bay	\$19,446	\$23,276	\$27,373	\$31,469	\$37,236	\$43,002
Sanikiluaq	\$16,535	\$19,095	\$21,523	\$23,951	\$27,549	\$31,148
Taloyoak	\$22,645	\$26,973	\$31,627	\$36,280	\$42,504	\$48,727
Whale Cove	\$18,573	\$22,291	\$25,264	\$28,236	\$32,728	\$37,221
Average	\$17,934	\$21,358	\$24,741	\$28,124	\$32,977	\$37,829
Average of All						\$27,160

3 – EQUALIZATION PAYMENTS OF NUNAVUT'S MAJOR EMPLOYERS

The Government of Nunavut is the largest employer within the territory employing 30% of Nunavut's workforce. Inuit Organizations and the Federal Government are also significant employers, and provide similar equalization payments to cover the high cost of living in Nunavut. This chapter analyzes the way that the Federal Government, Nunavut Tunngavik, and the Government of Nunavut structure their equalization payments.

While the Government of Nunavut may have different objectives than those of the federal government and Nunavut Tunngavik Incorporated, it is in direct competition for labour with them. Its equalization payment will be a factor that people will consider when they decide whether to work for the Government of Nunavut, or for another organization.

THE FEDERAL GOVERNMENT

The Federal Government developed its *Isolated Posts Directive* to provide an equalization payment to its employees who work in Canada's most remote communities.

The directive is designed to help recruit skilled and capable people to federal positions and keep them working in remote communities, including Nunavut communities, so that the Government of Canada's need for workers could be met.

All federal equalization payments are lower for single employees compared to employees with families.

The Isolated Post Allowance is broken down into three areas: an environment allowance, a cost of living allowance, and a fuel and utilities allowance. For all communities off the road system, the Federal Government further provides two return airfare tickets for an employee and each member of his or her family, twice a year.

ENVIRONMENT ALLOWANCE

The environment allowance compensates for what the Federal Government considers to be an unappealing place to live. Small populations, cold and dark climates, tundra, availability of commercial travel opportunities and land-based infrastructure are all factors considered in the environmental allowance. Considering that the overwhelming majority of the Federal Government's work force comes from southern Canada, it is not surprising that many find life in Nunavut challenging, in the same way many Nunavummiut find life in southern Canada challenging.

Among Nunavut communities, the environmental allowance ranges from \$3,566 to \$5,943 for single people and from \$5,943 to \$8,279 for families.

COST OF LIVING

The second part of the Federal Government's Isolated Post Allowance covers employees who have to pay more for goods and services in their communities, including food.

The amount of living cost differentials is based on data from Statistics Canada, and particularly the Survey of Household Expenditures. Among Nunavut communities, amounts range from \$5,633 to \$8,573 for single people to \$9,389 to \$14,288 for families.

FUEL AND UTILITIES ALLOWANCE

The third part of the Isolated Post Allowance covers the increased costs of heat and utilities for federal employees. Employees who do not live in federal housing units, which are highly subsidized, receive an annual fuel and utilities allowance ranging from \$975 to \$4,425 for single people and \$1,625 to \$7,375 for families.

This calculation is seriously flawed because it is based on the National Survey of Household Expenditures, which asks households how much they spent, and what they spent it on in a given period of time. Because so many

households in Nunavut are social housing units and residents are not paying for their heating fuel or water, the higher costs of fuel and utilities are grossly underestimated.

However, almost all federal employees live in federal housing units and while this excludes them from receiving the fuel and utility allowance, their entire costs of fuel and utilities are paid for by their employer.

TRAVEL

The Federal Government provides all of its Nunavut employees and their family with a payment equal to the cost of two return airfares to the nearest southern community, twice a year.

For single individuals, the value of this allowance is between \$2,858 and \$8,044 while for a family of five, it is between \$14,227 and \$40,227.

SUMMARY – FEDERAL GOVERNMENT

The Federal Government's isolated post allowance is higher than the Nunavut Employees Union recommended equalization payment in most circumstances because it provides the cash equivalent of two air trips to the nearest southern community, instead of one, for each employee and his or her dependant.

For homeowners however, the federal system inadequately compensates for the higher cost of maintaining a household.

Overall, the Isolated Post Allowance does not consider the factor costs specific to Nunavut, which in fact is very a challenging exercise for a national employer.

The following table provides a summary of the Federal Isolated Post Allowance for single employees and employees with families of five people.

Table 13: Federal Isolated Posts Allowance, Treasury Board Secretariat, 2003

Community	Single Employee	Family (5) Employee
Arctic Bay	\$17,620	\$46,881
Arviat	\$15,132	\$34,747
Baker Lake	\$17,560	\$42,119
Cambridge Bay	\$19,606	\$44,670
Cape Dorset	\$16,335	\$34,877
Chesterfield Inlet	\$17,480	\$40,820
Clyde River	\$17,949	\$45,898
Coral Harbour	\$18,592	\$43,111
Gjoa Haven	\$20,973	\$48,251
Grise Fiord	\$21,800	\$63,153
Hall Beach	\$17,182	\$44,827
Igloolik	\$17,032	\$44,577
Iqaluit	\$13,367	\$32,920
Kimmirut	\$14,953	\$35,185
Kugaaruk	\$20,647	\$50,353
Kugluktuk	\$19,317	\$43,239
Pangnirtung	\$13,770	\$33,437
Pond Inlet	\$17,551	\$46,673
Qikiqtarjuaq	\$15,634	\$38,087
Rankin Inlet	\$15,535	\$36,262
Repulse Bay	\$17,066	\$40,979
Resolute Bay	\$18,345	\$49,643
Sanikiluaq	\$16,353	\$39,916
Taloyoak	\$21,545	\$51,111
Whale Cove	\$17,137	\$39,605
Average	\$17,539	\$42,854

NUNAVUT TUNNGAVIK INCORPORATED

Nunavut Tunngavik provides its employees with a Northern Living Allowance and Vacation Travel Assistance.

Each month, all employees, regardless of where they live, or the family size receive \$450 per month (\$5,400 per year) as a settlement allowance. If an employee rents privately, or lives in their own home, he or she receives an additional \$1,050 per month (\$12,600 per year) as a housing and utilities

allowance¹⁴. Together, these are referred to as the Northern allowance.

Every employee and up to six members of his or her immediate family are also eligible for Vacation Travel Assistance or its cash equivalent for an economy class ticket to the closest southern city (Montreal, Ottawa, Winnipeg or Edmonton), once a year. The Vacation Travel Assistance is only available to employees who are not receiving Vacation Travel Assistance through their husbands or wives.

SUMMARY – NUNAVUT TUNNGAVIK

The strengths of Nunavut Tunngavik's Northern Allowance and Vacation Travel Assistance are that it provides support for private home ownership, and covers the travel costs for family members up to six people.

However, it over-compensates single individuals, and under-compensates families for the cost of living differential. \$5,400 per year does not cover the increased cost of food, fuel, or access to services for families.

Table 14: Nunavut Tunngavik's Northern Allowance and Vacation Travel Assistance, 2003

	Private Housing	Subsidized Housing
Single Person	\$19,228	n/a
Family of 5, VTA	\$24,140	\$11,540
Family of 5, no VTA	\$18,740	\$5,400

THE GOVERNMENT OF NUNAVUT

This section explores what the Government of Nunavut inherited from the Government of the Northwest Territories in 1999, outlines the current positions that the Government of

¹⁴ Nunavut Tunngavik Incorporated does not provide a housing and utilities allowance to employees who live in subsidized, government housing provided by their spouse.

Nunavut used for its negotiations with Nunavut Power Corporation employees in 2003 and employees represented by the Federation of Nunavut Teachers in 2002, and identifies whether the adjustment actually covers the higher costs of living in Nunavut.

Before 1996, all GNWT employees and their families who worked in Nunavut¹⁵ were eligible for one airplane trip per year to the nearest southern destination, and employees who had five or more years of continuous service received two trips per year for their families, which was consistent with how the federal government was compensating its employees. A Settlement Allowance was also paid to compensate for the higher cost of living in Nunavut and the Northwest Territories.

In 1996, substantial changes were made to the equalization package that the GNWT offered to its employees. The Vacation Travel Assistance and Settlement Allowances were rolled into one payment called the Northern Living Allowance. The travel component was capped at the estimated cost for one round trip ticket per employee from *all* communities, including those on the road system, and an increased settlement allowance was offered to communities that hadn't received one before.

While this increased the equalization payment for GNWT employees in Yellowknife and other communities on the road system, it was seriously reduced for people working in Nunavut. In fact, when the 1996 Collective Agreement was brought to a ratification vote, two-thirds of Nunavut employees voted against it¹⁶.

¹⁵ All GNWT employees who lived off the road system, and did not receive a travel benefit from another source were eligible for at least one return trip ticket for their family each year, and two trips if they had more than five years of continuous service.

¹⁶ The 1996 Collective Agreement was ratified owing to overwhelming support received from the Western NWT, and in particular, from employees who lived in Yellowknife.

In 2000, the newly formed Government of Nunavut and Nunavut Employees Union started negotiations for the 2000-2002 Collective Agreement. The Government of Nunavut renamed the Northern Living Allowance as the Nunavut Northern Allowance, increase it by an average of 18% per year over the life of the agreement (total average increase of 60% over the life of the agreement), with the most significant increase occurring between 1999 and 2000.

While this is good news, it should be tempered by the fact that the losses experienced by most employees who worked for the GNWT in Nunavut in 1996 and before, are only now being made up. For example, in 1996, a person with three dependents working in Iqaluit would have been eligible for a combined Settlement Allowance and Vacation Travel Assistance benefit of \$10,818,¹⁷ assuming she had less than five years of continuous service. In 2002, the same employee was eligible for \$11,303 under the Nunavut Northern Allowance, an overall increase of \$485 dollars per year. Most people working in Nunavut's communities have experienced an overall increase in their equalization payments since 1996, although eight communities still remain below where they were in 1996¹⁸

Negotiations between the Government of Nunavut and the Federation of Nunavut Teachers in 2002 and the Nunavut Power Corporation (represented by the Nunavut Employees Union) in 2003 provide a solid base for the likely positions that the Government of Nunavut will take in upcoming negotiations with the Nunavut Employees Union who represent Government of Nunavut employees.

¹⁷ All figures in this section are indexed for inflation and expressed in 2002 dollars.

¹⁸ These communities are: Arviat, -\$625; Baker Lake, -\$125; Coral Harbour, -\$1,086; Gjoa Haven, -\$2,893; Kugaaruk, -\$1,308; Pangnirtung, -\$11; Repulse Bay, -\$1,137; Taloyoak, -\$6,352; and, Whale Cove, -\$1,031.

The most significant change to the Government of Nunavut's approach since the 2000 negotiation is its clearly thought-out process of determining a dollar figure for its cost of living equalization payment.

The GN's Nunavut Northern Allowance is designed to make up for the differences in the cost of living between Nunavut communities and larger "designated" cities in southern Canada and to make up for the different costs of living in different Nunavut communities.

The Nunavut Northern Allowance has seven parts to it:

1. The total cost of four, economy airfares to the nearest southern community¹⁹;
2. A food allowance designed to cover the higher cost of food in all Nunavut communities;
3. A sealift and air freight allowance to offset the cost of transporting goods to all Nunavut communities;
4. An electricity allowance to offset the higher cost of power in Nunavut;
5. A gasoline allowance to offset the higher costs in Nunavut communities;
6. An allowance to compensate for the different levels of access to government services available in Nunavut communities; and,
7. An allowance to make up for the different levels of access to private sector services and municipal services.

All employees working with the Government of Nunavut in each community receive the *same* allowance, regardless of whether they are single or families with dependants, or whether they live in subsidized, Government of Nunavut housing or their own homes.

The following table outlines the current, Nunavut Northern Allowance, and the allowance that will be paid to employees covered under the agreements with the Federation of Nunavut Teachers, and Power Corporation.

¹⁹ Montreal, Ottawa, Winnipeg and Edmonton.

Table 15: Nunavut Equalization Payments: Various Agreements, 2002-2004

Community	April 1, 2002	Power Corp. April 1, 2003	Teachers April 1, 2003	Teachers April 1, 2004
Arctic Bay	\$17,239	\$18,592	\$18,743	\$20,248
Arviat	\$11,792	\$17,483	\$14,581	\$17,370
Baker Lake	\$14,686	\$18,340	\$16,456	\$18,227
Cambridge Bay	\$13,158	\$16,182	\$14,689	\$16,220
Cape Dorset	\$15,015	\$16,857	\$16,138	\$17,260
Chesterfield Inlet	\$14,686	\$18,192	\$16,391	\$18,097
Clyde River	\$16,668	\$18,873	\$17,796	\$18,904
Coral Harbour	\$15,340	\$19,261	\$17,251	\$19,162
Gjoa Haven	\$16,034	\$21,652	\$18,854	\$21,674
Grise Fiord	\$22,251	\$26,536	\$24,394	\$26,538
Hall Beach	\$17,213	\$19,342	\$18,298	\$19,384
Igloolik	\$16,274	\$18,120	\$17,208	\$18,142
Iqaluit	\$11,303	\$11,792	\$11,554	\$11,804
Kimmirut	\$14,984	\$15,681	\$15,358	\$15,732
Kugaaruk	\$18,775	\$21,866	\$20,346	\$21,916
Kugluktuk	\$14,886	\$16,681	\$15,793	\$16,701
Pangnirtung	\$13,223	\$15,381	\$14,349	\$15,475
Pond Inlet	\$18,416	\$19,893	\$19,168	\$19,921
Qikiqtarjuaq	\$16,573	\$17,110	\$17,598	\$18,624
Rankin Inlet	\$11,942	\$15,205	\$13,588	\$15,234
Repulse Bay	\$15,341	\$18,099	\$16,667	\$18,012
Resolute	\$18,353	\$22,482	\$20,247	\$22,500
Sanikiluaq	\$13,152	\$15,962	\$14,574	\$15,995
Taloyoak	\$16,019	\$24,992	\$20,525	\$25,030
Whale Cove	\$13,779	\$17,839	\$15,760	\$17,741
AVERAGE	\$15,484	\$18,497	\$17,053	\$18,636

TRAVEL COSTS

The Government of Nunavut's equalization payment includes the equivalent cost of four economy airfares, or 60% of the cost of four full-fare tickets to the nearest southern community, whichever is higher. This is a dramatic improvement over the 1996 Collective Agreement when the cost for one return airline ticket was covered in the equalization payment.

However, family size does not factor into the calculation. Obviously, this means that for single employees, the cost of four airline

tickets and thus four trips are covered, while for a family of five, not even the cost of one family trip is covered.

This under-compensates employees with families, while it over-compensates single employees.

Although it may add to the administrative requirements of the Government of Nunavut, a more *equitable* equalization payment should address family size, especially when the larger family size of Inuit employees is considered.

Table 16: Government of Nunavut Average Travel Allowance Compared to Average Actual Cost per Year²⁰

Single Employee (2 Trips)	GN - \$8,418 Actual Cost - \$4,209 Too high by \$4,209
Employee with 1 Dependant (2 Trips)	GN - \$8,418 Actual Cost - \$4,209 Too high by \$4,209
Employee with 2 Dependents (3 Trips)	GN - \$8,418 Actual Cost - \$6,314 Too high by \$2,104
Employee with 3 Dependents (4 Trips)	GN - \$8,418 Actual Cost - \$8,418 Correct amount
Employee with 4 Dependents (5 Trips)	GN - \$8,418 Actual Cost - \$10,522 Too low by \$2,104
Employee with 5 Dependents (6 Trips)	GN - \$8,418 Actual Cost - \$8,418 Too low by \$4,209

The Nunavut Employees Union’s position on a travel equalization payment is that it should cover the cost of two airfares to the nearest southern city for single employees, and the cost of one airfare to the nearest southern city for employees and all of their dependants.

FOOD COST ALLOWANCE

The Government of Nunavut developed its food cost allowance based on the higher cost to purchase a “Northern Food Basket” in each Nunavut community compared to the cost to purchase the same items in southern Canadian communities. For this part of its calculation, the Government of Nunavut considers the average employee’s household to consist of *three* people.

For example, the average cost of a “Northern Food Basket” in Pangnirtung is \$200.46 per week compared to \$112.13 per week in southern Canada for a family of three. The food cost allowance is equal to \$88.33 per week, or the difference in the cost between

purchasing items in Pangnirtung, compared to southern Canada.

Again, the Government of Nunavut does not separate employees with dependents from employees that are single. The cost to feed a family of five is much higher than the cost to feed one person. Thus, single people are over-compensated for food costs, while employees with more than two dependants are under-compensated.

The food cost differentials used in these calculations are also suspect because they are 14% lower on average than the best available estimate of cost differentials between Nunavut and Southern Canada.

There are serious flaws with the use of a “Northern Food Basket” as the foundation for equalizing food costs. First, it is an “ideal” diet for people, and is not typical of the food preferences of families or individuals. It does not consider the higher costs of eating in restaurants, or purchasing prepared foods at the grocery store in Nunavut compared to Southern Canada. Simply put, the “Northern Food Basket” is not actually what people eat.

The Nunavut Employees Union position on a food equalization payment is to base all costs on the major trends in food consumption patterns across Canada, while taking into account the very serious contribution that country food makes to Nunavut household diets. Statistics Canada’s 2001 report, “Food Expenditure in Canada,” identified that the average Canadian family (household size of four) spent \$171 per week on food, while the average single person spent \$66.

All households are spending more on foods that are ready to eat, whether these are purchased in restaurants, or in grocery stores. The same is true within Nunavut, despite the smaller selection of restaurants.

What distinguishes Nunavut from other parts of Canada is the heavy reliance on country food in diets. Each week, the average Nunavut family consumes about \$80 worth of meat that comes from hunting and fishing efforts.

²⁰ Income tax is NOT adjusted for because travel is tax-deductible.

Table 17: Government of Nunavut Average Food Allowance Compared to Average Actual Cost per Year

Single Employee	GN Food - \$5,446 Actual Cost - \$3,715 Too high by \$1,731
Employee with 1 Dependant	GN Food - \$5,446 Actual Cost - \$5,287 Too high by \$159
Employee with 2 Dependents	GN Food - \$5,446 Actual Cost - \$6,186 Too low by \$740
Employee with 3 Dependents	GN Food - \$5,446 Actual Cost - \$7,048 Too low by \$1,652
Employee with 4 Dependents	GN Food - \$5,446 Actual Cost - \$8,940 Too low by \$3,494
Employee with 5 Dependents	GN Food - \$5,446 Actual Cost - \$10,832 Too low by \$5,386

Overall, the food cost allowance for families is about two-thirds of what it needs to be, while the food cost allowance for single individuals is 47% higher than it needs to be.

SEA LIFT AND AIR FREIGHT ALLOWANCE

Except for its application and two exceptional cases, the Government of Nunavut has developed a suitable approach to cover the costs to transport consumer goods like diapers, cleaning supplies, and furniture to Nunavut.

The Nunavut Equalization Allowance covers the costs of 1,000 kilograms of sealift/barge freight and 100 kilograms of airfreight per employee, per year.

The Government of Nunavut does not distinguish between single employees and employees with dependents. Employees with dependents purchase more consumer goods and thus incur higher shipping costs than do single individuals.

Single individuals are likely to have less need for freight services than families, but still require 1,250 kg of freight shipped by sealift, and 100 kg of freight sent by air. Families are more likely to need 1,750 kg of freight

shipped by sealift and 100 kg of freight sent by air.

Further, the community of Repulse Bay and Kugaaruk are in particular need of attention. Kugaaruk does not get an annual sealift, and Repulse Bay is wrongly identified as not receiving one in the Nunavut Equalization Allowance. The Government of Nunavut must therefore cover the exceptionally high costs of airfreight to Kugaaruk, and ensure that its equalization payment provides the same freight costs to Repulse Bay as it does to all other communities.

The Government of Nunavut is providing about the right amount for freight costs to its single employees, but is not providing enough to its employees with families. In fact, its freight allowance is 24% below average freight costs for families.

Table 18: Government of Nunavut Freight Allowances Compared to Actual Costs per Year

	GN Freight Allowance (average)	Actual Freight Costs (average)²¹
Single Employee	\$1,911	\$1,749 GN is \$162 too high
Employee with Dependents	\$1,911	\$2,517 \$GN is 606 too low

ELECTRICITY ALLOWANCE

The Government of Nunavut provides an electricity allowance for 350 kWh per month to compensate for the higher cost of power in Nunavut.

While the Government of Nunavut accepts that the average Nunavut household uses 700 kWh of power each month, it provides an equalization for half of the cost differences between power in southern Canada compared to Nunavut. Employees should not be asked to use their wages to offset the higher costs

²¹ This does not include Kugaaruk.

of electricity in Nunavut compared to Southern Canada.

The Nunavut Power Corporation’s subsidized electricity rate for all residential users is 15.22¢ per kilowatt hour for the first 700 kilowatt hours used in a month. While there is some variation in consumption, 700 kWh is enough electricity to sustain the average household, and costs \$106.54 per month at the subsidized rate.

The average cost of power per kilowatt hour in southern Canada is 7.43¢. Seven hundred kWh at this rate costs \$51.98 per month.

Table 19: Government of Nunavut Electricity Allowance Compared to Actual Cost per Year

	Actual Cost Per year
700 kWh Cost to <i>users</i> in Nunavut per year	\$1,279
700 kWh Cost to users in Southern Canada per year	\$624
Correct Equalization	\$655
GN Equalization	\$351
GN Equalization Shortfall	\$304 too low

This means that the average Nunavut household pays an extra \$54.57 per month for power, and \$654.98 more per year. This is the appropriate value for an electricity equalization payment, and should be the one used.

GASOLINE ALLOWANCE

The Government of Nunavut provides an allowance for the higher cost of up to 600 litres of gasoline to each employee, each year. In its description of its gasoline allowance, the Government of Nunavut states that it provides an equalization payment equal to,

“The maximum quantity of 1,200 litres per year [which] equates roughly to one five gallon jerry can per week of ‘regular unleaded’ gasoline. The allowance is equal to the subsidized portion (%) of the (maximum) quantity multiplied by the difference between the cost in the community and the cost in a designated city.”²²

The “subsidized portion” is in fact half of the 1,200 litres that the Government of Nunavut already identifies as the average consumption of fuel for its employees each year.

The Nunavut Employees Union’s position on the gasoline equalization payment is that the full, higher cost of gasoline should be covered for all employees.

Table 20: Government of Nunavut Gasoline Allowance Compared to Actual Cost per Year

	Cost Averages Per year
1,200 L of gasoline in Nunavut (average)	\$1,038
1,200 L of gasoline in Southern Canada (average)	\$654
Correct Equalization (average)	\$384
GN Equalization (average)	\$194
GN Equalization shortfall (average)	\$190 too low

ACCESS TO GOVERNMENT AND NON-GOVERNMENT SERVICES

The Government of Nunavut acknowledges that there are different levels of government and non-government services available in every community, and provides an equalization allowance for these differences.

²² Department of Human Resources, GN, *Questions and Answers for the Nunavut Equalization Allowance*. (2002)

To address these differences, the Government of Nunavut developed two formulas, one that addresses access to government services, and one that addresses access to municipal and business services.

The access to government services formula is based on the number of government employees as a proportion of community population, and the number of government departments within the community.

The problem with this formula is that it does not address the level of front line service available to citizens, who are Government of Nunavut employees, especially federal services. There are no Revenue Canada offices in Nunavut for example. Further, for small populations, a few government employees will significantly effect the calculation and wrongly suggest that there is a lot of service available to people. For example, according to the formula, there is more access to government services in Grise Fiord, which receives \$639 under the formula than there is in Arviat which receives \$640. This is simply not the case. But given the different sizes of the populations, every one government employee in Grise Fiord is equal to twenty in Arviat.

The municipal and business services formula is based totally on population under the belief that as population increases, the levels and diversity of municipal and business services available also increase.

This formula does not work because it does not reflect the actual levels of municipal and business services available in different communities. For example, Cambridge Bay has a smaller population than Baker Lake, and through the Government of Nunavut's formula, receives slightly more cash to make up for its *lower* "access to private and municipal services." However, a quick glance at the telephone book shows that Cambridge Bay has outfitters, taxi services, a Visitor's Centre, hotels, a bank, investment services, swimming pool, daycare, wellness centre, Kitikmeot Foods, Regional Inuit Association offices, building contractors, etcetera. Baker Lake on the other hand does not come even close to the selection of services that exist in Cambridge Bay.

In Nunavut, we *know* each other, we know our communities, and we know what kinds of services exist. Unlike other parts of Canada, we are able to identify whether a community has a library, or Internet access, or a swimming pool, or a bank without too much difficulty. This in-depth knowledge should be used to create an accurate payment that compensates for the different levels of government and non-government services available within our communities, and between our communities and southern Canada.

The Nunavut Employees Union takes this approach and evaluates access to government services based on those available in the capital (highest access, lowest equalization payment), regional centres, decentralized communities and non-decentralized communities (lowest access, highest equalization payment). There are short-comings to this because most decentralized communities are only beginning to staff up with Government of Nunavut employees. In the next three years however, there will be an increase in the degree of access to government services that employees will have.

For municipal and private sector services, the Nunavut Employees Union looked at each community in Nunavut, and evaluated the range of municipal and business services that are available to citizens. Based this, a direct calculation of access to services was created.

Table 21: Government of Nunavut and Nunavut Employees Union Access to Service Costs per Year

	Average Access Equalization Per year
Government of Nunavut	
Access to Government Services	\$670
Access to Non-Government Services	\$1,513
Total	\$2,183
Nunavut Employees Union	
Access to Government Services	\$810
Access to Non-Government Services	\$1,361
Total	\$2,903
GN Equalization shortfall (average)	\$720 too low

ADJUSTMENT FOR AFTER-TAX INCOME

The Government of Nunavut provides no adjustment for the purchasing power employees have after income tax has been deducted from their incomes. Therefore, across the board, its cost of living adjustment, developed in pre-tax dollars is significantly lower than it should be. On average, an additional \$6,750 is required to off-set the purchasing power lost due to income tax deductions for a Nunavut cost of living adjustment.

SUMMARY – GOVERNMENT OF NUNAVUT

While the Government of Nunavut's Nunavut Equalization Allowance proposal is better than past equalizations in terms of the increased

scope of what is included in the equalization, the actual levels of compensation it provides for the higher costs of living in Nunavut, and the transparency with which it outlines what is included, there are still some problems.

As was pointed out in the last chapter, families with dependants spend much more to live, and more to travel than single individuals do. In fact, above and beyond the normal increased costs of raising a family that all Canadians experience, the average Nunavut family in Nunavut spends \$9,800 *more* than a single person to cover the higher costs of food and freight. To travel out of their community *once* a year, the average Nunavut family spends an extra \$5,100 more than a single individual does to fly out *twice* a year.

The second major short-coming in the Nunavut Equalization Allowance is that it does not provide the same cost of living adjustment to homeowners and private renters that it does to people living in subsidized, government housing. Single homeowners pay an extra \$2,650 per year on average to cover the higher costs of maintaining a home in Nunavut compared to Southern Canada, while the average family pays an extra \$3,150 per year. With its current equalization payment, the Government of Nunavut pays 3% more than the actual increased costs of maintaining a privately owned household for single people. (It over-compensates single individuals living in government subsidized housing by 25%). However, for families, the allowance is 42% less than it needs to be to cover the increased costs of maintaining a privately owned household.

Long-term Nunavummiut are more likely to be homeowners than people who move to Nunavut for short-term, work experience. Furthermore, given the current environment of housing shortages, the Government of Nunavut should adopt equalization processes that encourage its employees to purchase their own homes, or rent privately.

Table 22: Cost Differences for Homeowners, Families, Single People and People Living in Subsidized and Non-Subsidized Housing

	Subsidized Housing	Home Owner or Private Renter
Single Employee	GN \$17,053	GN \$17,053
	Cost \$17,770	Cost \$21,757
	-4%	-27.5%
Employee with 4 Dependants	GN \$17,053	GN \$17,053
	Cost \$32,977	Cost \$37,539
	-93%	-120%

While in most sections of the equalization allowance the Government of Nunavut looks at factor costs, it should strive to do this for all sections. Using “indicators” of circumstances like population as an indicator of the availability of municipal and business services is not a good idea in Nunavut, and should be avoided if better and accessible information is available.

The Government of Nunavut must also strive to cover most, if not all of the higher costs associated with living in Nunavut. This means that if average household consumption of electricity is 700 kWh per month, then the total, higher cost should be covered in the equalization payment, not a portion of it.

Finally, the higher cost of living in Nunavut is developed in before-tax dollars. If it is adjusted for income taxes, all GN employees are under-compensated. The Government of Nunavut’s equalization allowance under-compensates:

- single individuals living in subsidized housing by about 4%,
- single individuals living in their own homes or renting privately by 27.5%

- the average family living in subsidized housing by 93%, and
- the average family living in their own homes or renting privately by 120%

SUMMARY: EQUALIZATION PAYMENTS

The Governments of Nunavut and Canada, and Nunavut Tunngavik Incorporated recognize as employers that it costs more for their employees to live in Nunavut compared to almost any other place in Canada. Thus, each has developed its unique equalization payment systems to cover these higher costs.

All provide compensation for the higher costs of food and goods. Only the Federal Government recognizes the higher costs that families incur compared to individuals living in Nunavut. Both Nunavut Tunngavik and the Government of Nunavut provide exactly the same cost of living equalization payment for single employees that they do for employees with dependants. This does not cover the increased costs of food, goods, or for people living in their own homes, for water or for heat. A flat equalization payment discriminates against employees who have dependants.

Nunavut Tunngavik Incorporated, while it does not compensate for the higher costs of living for families compared to single individuals, will pay for one trip per year for up to a family of six. The Federal Government provides for the cost of two family trips per year, with no restriction of the size of a nuclear family. The Government of Nunavut covers the cost of four trips, regardless of family size. Covering the actual cost of airfares for the real number of dependants is essential for families that have moved from their home community to work for the Government of Nunavut, at least once a year for families, and twice a year for single individuals.

Nunavut Tunngavik Incorporated provides a healthy equalization for home owners and private renters, probably owing to the fact that as an organization, it does not provide subsidized housing to its employees. This

housing and utilities allowance helps employees to purchase their own homes, or afford private rental accommodations. The Federal Government does provide a fuel and utilities allowance for home owners, but it is too low owing to the fact that it was created based on skewed data from the Survey of Household Expenditures conducted in 2001. Furthermore, the high housing subsidies that it provides to its employees make it an unwise financial decision to move out of federal housing and into private accommodations. As a major employer that provides no incentives at all for private home ownership or for private rental arrangements, the Government of Nunavut is facing a serious government housing shortage and is increasingly unable to staff vacant positions.

Both the Governments of Nunavut and Canada identify that services are less accessible in Nunavut, and that access is different between communities within Nunavut.

Both use different and not the best formulas to determine levels of compensation to make up for this. Since Nunavummiut know the circumstances within which they live, and since using indicators for populations as small as Nunavut is often unreliable, basing an access to services equalization on what we know, rather than on a formula is a better position to take.

No employer factors income tax, or after-tax income into their equalization formulas. This costs Nunavut employees significantly, since all goods and services are purchased in after-tax dollars. All cost of living adjustments must take income tax into consideration when preparing accurate cost of living adjustments.

The following tables summarize the cost of living equalization payments of each employer for single employees, and employees with 4 dependants according to whether they live in subsidized or unsubsidized housing.

Table 23: Comparison of Equalization Payments Among Major Employers for Single Employees

SINGLE EMPLOYEES HOMEOWNERS OR PRIVATE RENTERS					SINGLE EMPLOYEES SUBSIDIZED HOUSING				
	NEU	GN	FEDERAL	NTI		NEU	GN	FEDERAL	NTI
Arctic Bay	\$21,860	\$18,743	\$17,620	\$20,026	Arctic Bay	\$17,903	\$18,743	\$17,620	\$7,426
Arviat	\$20,550	\$14,581	\$15,132	\$19,099	Arviat	\$16,760	\$14,581	\$15,132	\$6,499
Baker Lake	\$21,948	\$16,456	\$17,560	\$19,483	Baker Lake	\$18,089	\$16,456	\$17,560	\$6,883
Cambridge Bay	\$20,386	\$14,689	\$19,606	\$19,385	Cambridge Bay	\$15,732	\$14,689	\$19,606	\$6,785
Cape Dorset	\$20,575	\$16,138	\$16,335	\$19,340	Cape Dorset	\$17,065	\$16,138	\$16,335	\$6,740
Chesterfield Inlet	\$22,813	\$16,391	\$17,480	\$19,348	Chesterfield Inlet	\$18,898	\$16,391	\$17,480	\$6,748
Clyde River	\$22,214	\$17,796	\$17,949	\$19,844	Clyde River	\$18,306	\$17,796	\$17,949	\$7,244
Coral Harbour	\$23,510	\$17,251	\$18,592	\$19,399	Coral Harbour	\$19,651	\$17,251	\$18,592	\$6,799
Gjoa Haven	\$24,009	\$18,854	\$20,973	\$19,534	Gjoa Haven	\$19,522	\$18,854	\$20,973	\$6,934
Grise Fiord	\$25,042	\$24,394	\$21,800	\$21,094	Grise Fiord	\$21,393	\$24,394	\$21,800	\$8,494
Hall Beach	\$22,010	\$18,298	\$17,182	\$19,868	Hall Beach	\$18,430	\$18,298	\$17,182	\$7,268
Igloolik	\$22,019	\$17,208	\$17,032	\$19,868	Igloolik	\$18,321	\$17,208	\$17,032	\$7,268
Iqaluit	\$13,646	\$11,554	\$13,367	\$19,228	Iqaluit	\$11,342	\$11,554	\$13,367	\$6,628
Kimmitut	\$20,543	\$15,358	\$14,953	\$19,184	Kimmitut	\$17,193	\$15,358	\$14,953	\$6,584
Kugaaruk	\$27,057	\$20,346	\$20,647	\$19,839	Kugaaruk	\$22,320	\$20,346	\$20,647	\$7,239
Kugluktuk	\$20,727	\$15,793	\$19,318	\$19,274	Kugluktuk	\$16,771	\$15,793	\$19,318	\$6,674
Pangnirtung	\$19,097	\$14,349	\$13,770	\$19,210	Pangnirtung	\$15,461	\$14,349	\$13,770	\$6,610
Pond Inlet	\$22,618	\$19,168	\$17,551	\$20,010	Pond Inlet	\$18,836	\$19,168	\$17,551	\$7,410
Qikiqtarjuaq	\$20,079	\$17,598	\$15,634	\$19,388	Qikiqtarjuaq	\$17,168	\$17,598	\$15,634	\$6,788
Rankin Inlet	\$17,858	\$13,588	\$15,535	\$19,197	Rankin Inlet	\$14,068	\$13,588	\$15,535	\$6,597
Repulse Bay	\$21,772	\$16,667	\$17,066	\$19,446	Repulse Bay	\$17,913	\$16,667	\$17,066	\$6,846
Resolute Bay	\$23,361	\$20,247	\$18,345	\$20,200	Resolute Bay	\$19,446	\$20,247	\$18,345	\$7,600
Sanikiluaq	\$20,785	\$14,574	\$16,353	\$19,461	Sanikiluaq	\$16,535	\$14,574	\$16,353	\$6,861
Taloyoak	\$27,257	\$20,525	\$21,545	\$19,754	Taloyoak	\$22,645	\$20,525	\$21,545	\$7,154
Whale Cove	\$22,188	\$15,760	\$17,137	\$19,274	Whale Cove	\$18,573	\$15,760	\$17,137	\$6,674
Average	\$21,757	\$17,053	\$17,539	\$19,590	Average	\$17,934	\$17,053	\$17,539	\$6,990

Table 24: Comparison of Equalization Payments Among Major Employers for Employees with Dependants

NO SPOUSAL VTA					SPOUSAL VTA				
EMPLOYEES WITH 4 DEPENDANTS					EMPLOYEES WITH 4 DEPENDANTS				
HOMEOWNERS OR PRIVATE RENTERS					HOMEOWNERS OR PRIVATE RENTERS				
	NEU	GN	FEDERAL	NTI		NEU	GN	FEDERAL	NTI
Arctic Bay	\$37,806	\$18,743	\$46,881	\$28,130	Arctic Bay	\$37,806	\$18,743	\$46,881	\$18,740
Arviat	\$33,819	\$14,581	\$34,747	\$23,496	Arviat	\$33,819	\$14,581	\$34,747	\$18,740
Baker Lake	\$37,866	\$16,456	\$42,119	\$25,415	Baker Lake	\$37,866	\$16,456	\$42,119	\$18,740
Cambridge Bay	\$34,400	\$14,689	\$44,680	\$24,925	Cambridge Bay	\$34,400	\$14,689	\$44,680	\$18,740
Cape Dorset	\$35,777	\$16,138	\$34,877	\$24,700	Cape Dorset	\$35,777	\$16,138	\$34,877	\$18,740
Chesterfield Inle	\$38,719	\$16,391	\$40,820	\$24,741	Chesterfield Inle	\$38,719	\$16,391	\$40,820	\$18,740
Clyde River	\$38,672	\$17,796	\$45,898	\$27,220	Clyde River	\$38,672	\$17,796	\$45,898	\$18,740
Coral Harbour	\$40,001	\$17,251	\$43,111	\$24,994	Coral Harbour	\$40,001	\$17,251	\$43,111	\$18,740
Gjoa Haven	\$41,014	\$18,854	\$48,251	\$25,670	Gjoa Haven	\$41,014	\$18,854	\$48,251	\$18,740
Grise Fiord	\$45,304	\$24,394	\$63,153	\$33,472	Grise Fiord	\$45,304	\$24,394	\$63,153	\$18,740
Hall Beach	\$38,211	\$18,298	\$44,827	\$27,340	Hall Beach	\$38,211	\$18,298	\$44,827	\$18,740
Igloolik	\$39,241	\$17,208	\$44,577	\$27,340	Igloolik	\$39,241	\$17,208	\$44,577	\$18,740
Iqaluit	\$25,234	\$11,554	\$32,920	\$24,140	Iqaluit	\$25,234	\$11,554	\$32,920	\$18,740
Kimmirut	\$35,452	\$15,358	\$35,185	\$23,920	Kimmirut	\$35,452	\$15,358	\$35,185	\$18,740
Kugaaruk	\$47,613	\$20,346	\$50,353	\$27,197	Kugaaruk	\$47,613	\$20,346	\$50,353	\$18,740
Kugluktuk	\$34,299	\$15,793	\$43,239	\$24,370	Kugluktuk	\$34,299	\$15,793	\$43,239	\$18,740
Pangnirtung	\$32,724	\$14,349	\$33,437	\$24,050	Pangnirtung	\$32,724	\$14,349	\$33,437	\$18,740
Pond Inlet	\$40,143	\$19,168	\$46,673	\$28,050	Pond Inlet	\$40,143	\$19,168	\$46,673	\$18,740
Qikiqtarjuaq	\$34,204	\$17,598	\$38,087	\$24,940	Qikiqtarjuaq	\$34,204	\$17,598	\$38,087	\$18,740
Rankin Inlet	\$30,579	\$13,588	\$36,262	\$23,983	Rankin Inlet	\$30,579	\$13,588	\$36,262	\$18,740
Repulse Bay	\$37,575	\$16,667	\$40,979	\$25,232	Repulse Bay	\$37,575	\$16,667	\$40,979	\$18,740
Resolute Bay	\$41,762	\$20,247	\$49,643	\$29,000	Resolute Bay	\$41,762	\$20,247	\$49,643	\$18,740
Sanikiluaq	\$33,362	\$14,574	\$39,916	\$25,304	Sanikiluaq	\$33,362	\$14,574	\$39,916	\$18,740
Taloyoak	\$47,863	\$20,525	\$51,111	\$26,770	Taloyoak	\$47,863	\$20,525	\$51,111	\$18,740
Whale Cove	\$36,842	\$15,760	\$39,605	\$24,370	Whale Cove	\$36,842	\$15,760	\$39,605	\$18,740
Average	\$37,539	\$17,053	\$42,854	\$25,951	Average	\$37,539	\$17,053	\$42,854	\$18,740

Table 25: Comparison of Equalization Payments Among Major Employers for Employees with Dependents continued

NO SPOUSAL VTA					SPOUSAL VTA				
EMPLOYEES WITH 4 DEPENDANTS					EMPLOYEES WITH 4 DEPENDANTS				
SUBSIDIZED HOUSING					SUBSIDIZED HOUSING				
	NEU	GN	FEDERAL	NTI		NEU	GN	FEDERAL	NTI
Arctic Bay	\$32,830	\$18,743	\$46,881	\$15,530	Arctic Bay	\$32,830	\$18,743	\$46,881	\$5,400
Arviat	\$29,418	\$14,581	\$34,747	\$10,896	Arviat	\$29,418	\$14,581	\$34,747	\$5,400
Baker Lake	\$33,395	\$16,456	\$42,119	\$12,815	Baker Lake	\$33,395	\$16,456	\$42,119	\$5,400
Cambridge Bay	\$28,500	\$14,689	\$44,680	\$12,325	Cambridge Bay	\$28,500	\$14,689	\$44,680	\$5,400
Cape Dorset	\$31,655	\$16,138	\$34,877	\$12,100	Cape Dorset	\$31,655	\$16,138	\$34,877	\$5,400
Chesterfield Inlet	\$34,057	\$16,391	\$40,820	\$12,141	Chesterfield Inlet	\$34,057	\$16,391	\$40,820	\$5,400
Clyde River	\$33,722	\$17,796	\$45,898	\$14,620	Clyde River	\$33,722	\$17,796	\$45,898	\$5,400
Coral Harbour	\$35,531	\$17,251	\$43,111	\$12,394	Coral Harbour	\$35,531	\$17,251	\$43,111	\$5,400
Gjoa Haven	\$35,916	\$18,854	\$48,251	\$13,070	Gjoa Haven	\$35,916	\$18,854	\$48,251	\$5,400
Grise Fiord	\$41,043	\$24,394	\$63,153	\$20,872	Grise Fiord	\$41,043	\$24,394	\$63,153	\$5,400
Hall Beach	\$34,019	\$18,298	\$44,827	\$14,740	Hall Beach	\$34,019	\$18,298	\$44,827	\$5,400
Igloolik	\$34,727	\$17,208	\$44,577	\$14,740	Igloolik	\$34,727	\$17,208	\$44,577	\$5,400
Iqaluit	\$22,137	\$11,554	\$32,920	\$11,540	Iqaluit	\$22,137	\$11,554	\$32,920	\$5,400
Kimmirut	\$31,603	\$15,358	\$35,185	\$11,320	Kimmirut	\$31,603	\$15,358	\$35,185	\$5,400
Kugaaruk	\$42,263	\$20,346	\$50,353	\$14,597	Kugaaruk	\$42,263	\$20,346	\$50,353	\$5,400
Kugluktuk	\$29,549	\$15,793	\$43,239	\$11,770	Kugluktuk	\$29,549	\$15,793	\$43,239	\$5,400
Pangnirtung	\$28,341	\$14,349	\$33,437	\$11,450	Pangnirtung	\$28,341	\$14,349	\$33,437	\$5,400
Pond Inlet	\$35,455	\$19,168	\$46,673	\$15,450	Pond Inlet	\$35,455	\$19,168	\$46,673	\$5,400
Qikiqtarjuaq	\$30,954	\$17,598	\$38,087	\$12,340	Qikiqtarjuaq	\$30,954	\$17,598	\$38,087	\$5,400
Rankin Inlet	\$26,178	\$13,588	\$36,262	\$11,383	Rankin Inlet	\$26,178	\$13,588	\$36,262	\$5,400
Repulse Bay	\$33,104	\$16,667	\$40,979	\$12,632	Repulse Bay	\$33,104	\$16,667	\$40,979	\$5,400
Resolute Bay	\$37,236	\$20,247	\$49,643	\$16,400	Resolute Bay	\$37,236	\$20,247	\$49,643	\$5,400
Sanikiluaq	\$27,549	\$14,574	\$39,916	\$12,704	Sanikiluaq	\$27,549	\$14,574	\$39,916	\$5,400
Taloyoak	\$42,504	\$20,525	\$51,111	\$14,170	Taloyoak	\$42,504	\$20,525	\$51,111	\$5,400
Whale Cove	\$32,728	\$15,760	\$39,605	\$11,770	Whale Cove	\$32,728	\$15,760	\$39,605	\$5,400
Average	\$32,977	\$17,053	\$42,854	\$13,351	Average	\$32,977	\$17,053	\$42,854	\$5,400

4 – CONCLUSIONS

This paper was developed to identify an equalization payment that would address the increased costs of living in Nunavut compared to other parts of Canada.

Goods and services across the board cost more in Nunavut, but some costs appear particularly high because of the unique purchasing patterns of Nunavut households. An effective cost of living adjustment needs to reflect these unique spending patterns, which are a result of Nunavut's demographics, environment and organizational capacity.

Most people in Nunavut were born in the territory, and most are Inuit. People are significantly younger than the average Canadian population. Families are younger and larger. It is clear that families spend more to raise children than single individuals do in any jurisdiction. However, because all goods and services are more expensive in Nunavut compared to southern Canada, the *increased* costs of living are also higher for families than they are for single people.

Costs are also higher because of Nunavut's climate, geography, and physical infrastructure. The amount of fuel used to heat homes is greater than in Canada as a whole because it is colder and windier in Nunavut. The dark winters result in increased consumption of electricity compared to more southerly regions. Because these climate realities increase normal consumption of heat and electricity, they must be included in a cost of living equalization payment.

Nunavut makes up one-fifth of Canada's landmass, but with a total population of less than 30,000, makes up only 0.1% of the population. Twenty-five communities are spread across the territory, with no roads linking one to another. This means that people must rely on air travel to get from community to community. Travel by air is far more expensive to households than land-based travel.

It also means that distribution and storage costs are much higher relative to southern Canada. Either people are required to ship a

large quantity of consumer goods to Nunavut once a year by sea, and pay to store these over the course of the year, or ship smaller quantities of goods more frequently by air, or finally, pay the higher costs at local stores where these costs are factored into prices charged. These costs of shipping and storing, unique to Nunavut, must be covered in an equalization payment.

Because of its history, small population, and geography, the organizational capacity in Nunavut is significantly different than it is in other parts of Canada. While there is a higher degree of social cohesion among households in most communities, businesses, political and volunteer organizations are still young, and just developing. This means that services – provided by the volunteer, private and public sectors – are limited in Nunavut.

Opportunities to shop for the best deals and to find goods and services locally are limited. While it is not difficult to compensate for higher costs that result from little or no competition in the marketplace, it is more challenging to compensate for a shortage of medical and counseling services or lifelong learning opportunities. However, there are definite costs associated with these, among others, and they need to be covered in the cost of living equalization payment.

Among its long-term and/or Inuit employees, homeownership is not only a desired state, but is a reality. Over half of Government of Nunavut employees live in their own homes. While a significant number of employees receive an estimated \$18,000 tax-free housing subsidy in through government housing, homeowners bear the full costs of higher prices for fuel, electricity and water under the Government of Nunavut's equalization allowance. An equalization payment must be designed to encourage homeownership, and support the majority of Government of Nunavut employees.

Homeowners and people who are renting privately must receive an equalization payment that covers the higher costs of maintaining their homes in Nunavut compared to southern Canada. These employees are paying a greater share of

higher costs than employees living in subsidized housing.

Wherever possible, the equalization payment should also try to achieve the broader objectives of the employer.

The Government of Nunavut must hire a workforce representative of the population it serves to fulfill its land claims obligations. This means that 85% of the Government of Nunavut's workforce must be Inuit. Inuit families are larger and younger than non-Inuit families and the Government of Nunavut should take this into consideration when developing and applying its cost of living equalization payment.

For many families, it is more economical to remain on social assistance than it is to take a full-time job with the Government of Nunavut, particularly when social housing is factored in. The costs of rent, food, and costs to work like paying for childcare are too high to break even with social assistance.

The Government of Nunavut has committed itself to developing a skilled, local workforce capable of taking full advantage of its job opportunities. It also recognizes the need for lifelong learning that ensures employees remain on top of the rapid change taking place in their jobs. The costs to access professional development opportunities and to purchase the resources that support these are higher in Nunavut than in most other parts of Canada. Providing an adequate equalization, along with other specifically targeted training is required.

Finally, the impact of income tax on disposable income must be factored in to a cost of living adjustment because it is after-tax dollars that are used to purchase goods and services. This has a significant impact on the value of pre-tax dollars required to cover the increased cost of living in Nunavut.

The Governments of Nunavut and Canada, and Nunavut Tunngavik Incorporated recognize as employers that it costs more for their employees to live in Nunavut compared to almost any other place in Canada. Thus, each has developed its unique equalization payment systems to cover these higher costs.

Only the Federal Government recognizes the higher costs that families incur compared to individuals living in Nunavut. Both Nunavut Tunngavik and the Government of Nunavut provide exactly the same amount of compensation to single employees that they do to employees with dependants. This does not cover the increased costs of food, goods, or for people living in their own homes, for water or for heat. A flat equalization payment discriminates against employees who have dependants.

Nunavut Tunngavik Incorporated, while it does not compensate for the higher costs of living for families compared to single individuals, will pay for one trip per year for up to a family of six. The Federal Government provides for the cost of two family trips per year, with no restriction of the size of a nuclear family. The Government of Nunavut covers the cost of four trips, regardless of family size. Covering the actual cost of airfares for the real number of dependants is essential for families that have moved from their home community to work for the Government of Nunavut, at least once a year for families, and twice a year for single individuals.

Nunavut Tunngavik Incorporated provides a healthy equalization for home owners and private renters, probably owing to the fact that as an organization, it does not provide subsidized housing to its employees. This housing and utilities allowance helps employees to purchase their own homes, or offset the high cost of private rental accommodation. As a major employer that provides no incentives at all for private home ownership or for private rental arrangements, the Government of Nunavut is facing a serious government housing shortage and is increasingly unable to staff vacant positions.

Both the Governments of Nunavut and Canada identify that services are less accessible in Nunavut, and that access is different between communities within Nunavut. Both use different and not the best formulas to determine levels of compensation to make up for this. Since Nunavummiut know the circumstances within which they live, basing an access to services equalization

on what we know, rather than on a formula is a better position to take.

Using all available sources of information, including that developed by the Government of Nunavut, the Nunavut Employees Union has prepared a clear and accurate picture of the increased costs of living in Nunavut compared to southern Canada.

This equalization payment reflect not only the increased cost of goods and services, but also the higher costs experienced by employees living in private housing compared to subsidized housing, and the higher costs experienced by employees with dependants, compared to single employees. It also factors in the impact of income tax on disposable income, and identifies the value required for an accurate adjustment for the higher cost of living in Nunavut.

The equalization payment needs to be carefully implemented and applied. When two Government of Nunavut employees live in the same household, they should be given the following options:

1. Two equalization payments for single employees, according to their housing status; or
2. One equalization payment for the appropriate household size and housing status, paid to one employee.

Because the Government of Nunavut is the Territory's largest employer, it cannot disallow portions of an equalization payment because of the benefits that spouses of Government of Nunavut employees receive.

If the Nunavut Employees Union's recommended equalization payment is implemented, the Government of Nunavut will observe:

- an increase in the number and proportion of Inuit employees in the Government of Nunavut;
- lower staff turnover; and,
- an overall increase in the number of employees who choose to purchase their homes or rent privately.

The Nunavut Employees Union has developed an equalization payment that will support the larger families of Nunavut, and will also support homeowners while reducing the amount that the Government of Nunavut spends to subsidize employee housing. This equalization payment supports the objectives of the Bathurst Mandate, and the Nunavut Land Claims Agreement.

Table 26: Nunavut Employees Union Cost of Living Equalization Payment, Subsidized Housing

Community	Single Person	Family of Two	Family of Three	Family of Four	Family of Five	Family of Six
Arctic Bay	\$17,903	\$20,806	\$24,357	\$27,908	\$32,830	\$37,751
Arviat	\$16,760	\$19,686	\$22,512	\$25,338	\$29,418	\$33,498
Baker Lake	\$18,089	\$21,956	\$25,251	\$28,546	\$33,395	\$38,244
Cambridge Bay	\$15,732	\$19,180	\$21,825	\$24,469	\$28,500	\$32,531
Cape Dorset	\$17,065	\$20,063	\$23,448	\$26,833	\$31,655	\$36,477
Chesterfield Inlet	\$18,898	\$22,987	\$26,131	\$29,276	\$34,057	\$38,838
Clyde River	\$18,306	\$21,528	\$25,119	\$28,710	\$33,722	\$38,733
Coral Harbour	\$19,651	\$23,624	\$27,070	\$30,515	\$35,531	\$40,546
Gjoa Haven	\$19,522	\$23,483	\$27,137	\$30,792	\$35,916	\$41,041
Grise Fiord	\$21,393	\$25,202	\$29,953	\$34,704	\$41,043	\$47,381
Hall Beach	\$18,430	\$21,558	\$25,227	\$28,896	\$34,019	\$39,142
Igloolik	\$18,321	\$21,757	\$25,562	\$29,368	\$34,727	\$40,085
Iqaluit	\$11,342	\$13,531	\$15,976	\$18,421	\$22,137	\$25,852
Kimmirut	\$17,193	\$20,630	\$23,753	\$26,876	\$31,603	\$36,330
Kugaaruk	\$22,320	\$27,335	\$31,716	\$36,096	\$42,263	\$48,430
Kugluktuk	\$16,771	\$20,179	\$22,852	\$25,524	\$29,549	\$33,575
Pangnirtung	\$15,461	\$18,195	\$21,120	\$24,045	\$28,341	\$32,636
Pond Inlet	\$18,836	\$22,215	\$26,149	\$30,084	\$35,455	\$40,826
Qikiqtarjuaq	\$17,168	\$19,995	\$23,191	\$26,387	\$30,954	\$35,520
Rankin Inlet	\$14,068	\$17,167	\$19,714	\$22,261	\$26,178	\$30,096
Repulse Bay	\$17,913	\$21,244	\$24,680	\$28,115	\$33,104	\$38,093
Resolute Bay	\$19,446	\$23,276	\$27,373	\$31,469	\$37,236	\$43,002
Sanikiluaq	\$16,535	\$19,095	\$21,523	\$23,951	\$27,549	\$31,148
Taloyoak	\$22,645	\$26,973	\$31,627	\$36,280	\$42,504	\$48,727
Whale Cove	\$18,573	\$22,291	\$25,264	\$28,236	\$32,728	\$37,221
Average	\$17,934	\$21,358	\$24,741	\$28,124	\$32,977	\$37,829
Average of All						\$27,160

Table 27: Nunavut Employees Union Cost of Living Equalization Payment, Homeowners or Private Housing

Community	Single Person	Family of Two	Family of Three	Family of Four	Family of Five	Family of Six
Arctic Bay	\$21,860	\$25,782	\$29,333	\$32,884	\$37,806	\$42,727
Arviat	\$20,550	\$24,087	\$26,913	\$29,739	\$33,819	\$37,899
Baker Lake	\$21,948	\$26,426	\$29,722	\$33,017	\$37,866	\$42,715
Cambridge Bay	\$20,386	\$25,080	\$27,725	\$30,369	\$34,400	\$38,431
Cape Dorset	\$20,575	\$24,185	\$27,570	\$30,955	\$35,777	\$40,600
Chesterfield Inlet	\$22,813	\$27,649	\$30,794	\$33,938	\$38,719	\$43,500
Clyde River	\$22,214	\$26,478	\$30,069	\$33,660	\$38,672	\$43,683
Coral Harbour	\$23,510	\$28,095	\$31,540	\$34,986	\$40,001	\$45,017
Gjoa Haven	\$24,009	\$28,581	\$32,236	\$35,890	\$41,014	\$46,139
Grise Fiord	\$25,042	\$29,463	\$34,215	\$38,966	\$45,304	\$51,642
Hall Beach	\$22,010	\$25,749	\$29,419	\$33,088	\$38,211	\$43,334
Igloolik	\$22,019	\$26,271	\$30,077	\$33,882	\$39,241	\$44,600
Iqaluit	\$13,646	\$16,629	\$19,074	\$21,519	\$25,234	\$28,950
Kimmirut	\$20,543	\$24,478	\$27,601	\$30,725	\$35,452	\$40,178
Kugaaruk	\$27,057	\$32,684	\$37,065	\$41,446	\$47,613	\$53,780
Kugluktuk	\$20,727	\$24,929	\$27,601	\$30,273	\$34,299	\$38,325
Pangnirtung	\$19,097	\$22,579	\$25,504	\$28,429	\$32,724	\$37,020
Pond Inlet	\$22,618	\$26,904	\$30,838	\$34,772	\$40,143	\$45,514
Qikiqtarjuaq	\$20,079	\$23,246	\$26,442	\$29,638	\$34,204	\$38,771
Rankin Inlet	\$17,858	\$21,568	\$24,115	\$26,662	\$30,579	\$34,497
Repulse Bay	\$21,772	\$25,715	\$29,151	\$32,586	\$37,575	\$42,563
Resolute Bay	\$23,361	\$27,803	\$31,899	\$35,996	\$41,762	\$47,529
Sanikiluaq	\$20,785	\$24,908	\$27,336	\$29,764	\$33,362	\$36,961
Taloyoak	\$27,257	\$32,333	\$36,986	\$41,640	\$47,863	\$54,087
Whale Cove	\$22,188	\$26,405	\$29,377	\$32,349	\$36,842	\$41,334
Average	\$21,757	\$25,921	\$29,304	\$32,687	\$37,539	\$42,392
Average of All						\$31,600

APPENDIX A

FACTOR COSTS OF LIVING: SINGLE EMPLOYEE, HOMEOWNER

Community	Food	Freight	Elec.	Water	Gas	Heating Oil	Air Travel	Service Access	Sub-Total	Tax Factor	Total
Arctic Bay	\$3,464	\$1,378	\$655	\$441	\$374	\$2,283	\$4,820	\$3,137	\$16,552	\$5,308	\$21,860
Arviat	\$3,170	\$2,114	\$655	\$182	\$422	\$2,427	\$3,692	\$2,637	\$15,298	\$5,251	\$20,550
Baker Lake	\$3,927	\$2,133	\$655	\$182	\$410	\$2,475	\$3,802	\$2,712	\$16,296	\$5,652	\$21,948
Cambridge Bay	\$3,507	\$2,353	\$655	\$585	\$443	\$2,619	\$2,960	\$1,837	\$14,958	\$5,428	\$20,386
Cape Dorset	\$3,633	\$1,224	\$655	\$182	\$362	\$2,235	\$4,304	\$2,912	\$15,507	\$5,068	\$20,575
Chesterfield Inlet	\$4,137	\$2,084	\$655	\$268	\$422	\$2,427	\$3,270	\$3,462	\$16,725	\$6,088	\$22,813
Clyde River	\$3,591	\$1,605	\$655	\$456	\$338	\$2,235	\$4,762	\$3,137	\$16,777	\$5,436	\$22,214
Coral Harbour	\$3,969	\$2,209	\$655	\$182	\$443	\$2,475	\$4,056	\$3,462	\$17,450	\$6,060	\$23,510
Gjoa Haven	\$3,717	\$2,720	\$655	\$182	\$443	\$2,907	\$4,750	\$2,637	\$18,010	\$5,999	\$24,009
Grise Fiord	\$4,011	\$1,704	\$655	\$182	\$338	\$2,331	\$6,622	\$3,462	\$19,304	\$5,738	\$25,042
Hall Beach	\$3,675	\$1,337	\$655	\$182	\$338	\$2,283	\$4,826	\$3,362	\$16,657	\$5,353	\$22,010
Igloolik	\$3,927	\$1,337	\$655	\$312	\$338	\$2,235	\$4,822	\$3,037	\$16,662	\$5,357	\$22,019
Iqaluit	\$3,212	\$807	\$655	\$297	\$425	\$1,289	\$2,884	\$725	\$10,294	\$3,352	\$13,646
Kimmirut	\$4,053	\$1,119	\$655	\$110	\$362	\$2,197	\$3,320	\$3,362	\$15,178	\$5,365	\$20,543
Kugaaruk	\$4,516	\$2,824	\$655	\$182	\$443	\$3,080	\$5,328	\$3,262	\$20,289	\$6,769	\$27,057
Kugluktuk	\$3,422	\$2,425	\$655	\$297	\$443	\$2,427	\$3,108	\$2,462	\$15,239	\$5,488	\$20,727
Pangnirtung	\$3,464	\$1,144	\$655	\$268	\$338	\$2,235	\$3,568	\$2,587	\$14,260	\$4,837	\$19,097
Pond Inlet	\$3,633	\$1,751	\$655	\$369	\$374	\$2,235	\$5,402	\$2,837	\$17,255	\$5,363	\$22,618
Qikiqtarjuaq	\$3,464	\$1,273	\$655	\$9	\$362	\$1,995	\$4,110	\$3,237	\$15,105	\$4,974	\$20,079
Rankin Inlet	\$3,464	\$1,855	\$655	\$182	\$314	\$2,427	\$2,812	\$1,462	\$13,171	\$4,687	\$17,858
Repulse Bay	\$3,927	\$1,192	\$655	\$182	\$362	\$2,475	\$4,082	\$3,387	\$16,262	\$5,510	\$21,772
Resolute Bay	\$4,222	\$1,378	\$655	\$182	\$374	\$2,513	\$5,082	\$3,262	\$17,667	\$5,694	\$23,361
Sanikiluaq	\$2,960	\$1,965	\$655	\$787	\$266	\$2,139	\$3,126	\$3,387	\$15,284	\$5,501	\$20,785
Taloyoak	\$3,969	\$2,807	\$655	\$268	\$443	\$2,907	\$6,472	\$3,262	\$20,783	\$6,475	\$27,257
Whale Cove	\$3,843	\$2,070	\$655	\$110	\$422	\$2,379	\$3,248	\$3,562	\$16,288	\$5,900	\$22,188
AVERAGE	\$3,715	\$1,792	\$655	\$263	\$384	\$2,369	\$4,209	\$2,903	\$16,291	\$5,466	\$21,757

FACTOR COSTS OF LIVING: SINGLE EMPLOYEE, SUBSIDIZED HOUSING

Community	Food	Freight	Elec.	Gas	Air Travel	Service Access	Sub- Total	Tax Factor	Total
Arctic Bay	\$3,464	\$1,378	\$655	\$374	\$4,820	\$3,137	\$13,828	\$4,075	\$17,903
Arviat	\$3,170	\$2,114	\$655	\$422	\$3,692	\$2,637	\$12,690	\$4,071	\$16,760
Baker Lake	\$3,927	\$2,133	\$655	\$410	\$3,802	\$2,712	\$13,639	\$4,450	\$18,089
Cambridge Bay	\$3,507	\$2,353	\$655	\$443	\$2,960	\$1,837	\$11,753	\$3,978	\$15,732
Cape Dorset	\$3,633	\$1,224	\$655	\$362	\$4,304	\$2,912	\$13,090	\$3,975	\$17,065
Chesterfield Inlet	\$4,137	\$2,084	\$655	\$422	\$3,270	\$3,462	\$14,030	\$4,868	\$18,898
Clyde River	\$3,591	\$1,605	\$655	\$338	\$4,762	\$3,137	\$14,087	\$4,219	\$18,306
Coral Harbour	\$3,969	\$2,209	\$655	\$443	\$4,056	\$3,462	\$14,793	\$4,858	\$19,651
Gjoa Haven	\$3,717	\$2,720	\$655	\$443	\$4,750	\$2,637	\$14,921	\$4,602	\$19,522
Grise Fiord	\$4,011	\$1,704	\$655	\$338	\$6,622	\$3,462	\$16,792	\$4,601	\$21,393
Hall Beach	\$3,675	\$1,337	\$655	\$338	\$4,826	\$3,362	\$14,192	\$4,238	\$18,430
Igloolik	\$3,927	\$1,337	\$655	\$338	\$4,822	\$3,037	\$14,116	\$4,205	\$18,321
Iqaluit	\$3,212	\$807	\$655	\$425	\$2,884	\$725	\$8,707	\$2,635	\$11,342
Kimmirut	\$4,053	\$1,119	\$655	\$362	\$3,320	\$3,362	\$12,871	\$4,321	\$17,193
Kugaaruk	\$4,516	\$2,824	\$655	\$443	\$5,328	\$3,262	\$17,027	\$5,293	\$22,320
Kugluktuk	\$3,422	\$2,425	\$655	\$443	\$3,108	\$2,462	\$12,515	\$4,256	\$16,771
Pangnirtung	\$3,464	\$1,144	\$655	\$338	\$3,568	\$2,587	\$11,756	\$3,705	\$15,461
Pond Inlet	\$3,633	\$1,751	\$655	\$374	\$5,402	\$2,837	\$14,651	\$4,185	\$18,836
Oikiqtarjuaq	\$3,464	\$1,273	\$655	\$362	\$4,110	\$3,237	\$13,101	\$4,068	\$17,168
Rankin Inlet	\$3,464	\$1,855	\$655	\$314	\$2,812	\$1,462	\$10,562	\$3,506	\$14,068
Repulse Bay	\$3,927	\$1,192	\$655	\$362	\$4,082	\$3,387	\$13,605	\$4,308	\$17,913
Resolute Bay	\$4,222	\$1,378	\$655	\$374	\$5,082	\$3,262	\$14,972	\$4,474	\$19,446
Sanikiluaq	\$2,960	\$1,965	\$655	\$266	\$3,126	\$3,387	\$12,358	\$4,177	\$16,535
Taloyoak	\$3,969	\$2,807	\$655	\$443	\$6,472	\$3,262	\$17,607	\$5,038	\$22,645
Whale Cove	\$3,843	\$2,070	\$655	\$422	\$3,248	\$3,562	\$13,800	\$4,774	\$18,573
AVERAGE	\$3,715	\$1,792	\$655	\$384	\$4,209	\$2,903	\$13,658	\$4,275	\$17,934

FACTOR COSTS OF LIVING: EMPLOYEE WITH ONE DEPENDANT, HOMEOWNER

Community	Food	Freight	Elec.	Water	Gas	Heating Oil	Air Travel	Service Access	Sub-Total	Tax Factor	Total
Arctic Bay	\$4,825	\$2,015	\$655	\$1,143	\$374	\$2,283	\$4,820	\$3,137	\$19,252	\$6,530	\$25,782
Arviat	\$4,283	\$3,015	\$655	\$603	\$422	\$2,427	\$3,692	\$2,637	\$17,734	\$8,692	\$26,426
Baker Lake	\$5,678	\$3,044	\$655	\$603	\$410	\$2,475	\$3,802	\$2,712	\$19,379	\$5,701	\$25,080
Cambridge Bay	\$4,903	\$3,331	\$655	\$1,443	\$443	\$2,619	\$2,960	\$1,837	\$18,190	\$5,995	\$24,185
Cape Dorset	\$5,135	\$1,786	\$655	\$603	\$362	\$2,235	\$4,304	\$2,912	\$17,992	\$9,657	\$27,649
Chesterfield Inlet	\$6,066	\$2,970	\$655	\$783	\$422	\$2,427	\$3,270	\$3,462	\$20,055	\$6,423	\$26,478
Clyde River	\$5,058	\$2,356	\$655	\$1,173	\$338	\$2,235	\$4,762	\$3,137	\$19,713	\$8,382	\$28,095
Coral Harbour	\$5,756	\$3,158	\$655	\$603	\$443	\$2,475	\$4,056	\$3,462	\$20,607	\$7,975	\$28,581
Gjoa Haven	\$5,290	\$3,873	\$655	\$603	\$443	\$2,907	\$4,750	\$2,637	\$21,158	\$8,305	\$29,463
Grise Fiord	\$5,833	\$2,504	\$655	\$603	\$338	\$2,331	\$6,622	\$3,462	\$22,348	\$3,401	\$25,749
Hall Beach	\$5,213	\$1,952	\$655	\$603	\$338	\$2,283	\$4,826	\$3,362	\$19,232	\$7,040	\$26,271
Igloolik	\$5,678	\$1,952	\$655	\$873	\$338	\$2,235	\$4,822	\$3,037	\$19,590	-\$2,961	\$16,629
Iqaluit	\$4,360	\$1,166	\$655	\$843	\$425	\$1,289	\$2,884	\$725	\$12,347	\$12,131	\$24,478
Kimmirut	\$5,911	\$1,628	\$655	\$453	\$362	\$2,197	\$3,320	\$3,362	\$17,887	\$14,797	\$32,684
Kugaaruk	\$6,763	\$4,029	\$655	\$603	\$443	\$3,080	\$5,328	\$3,262	\$24,163	\$766	\$24,929
Kugluktuk	\$4,748	\$3,447	\$655	\$843	\$443	\$2,427	\$3,108	\$2,462	\$18,132	\$4,447	\$22,579
Pangnirtung	\$4,825	\$1,666	\$655	\$783	\$338	\$2,235	\$3,568	\$2,587	\$16,657	\$10,247	\$26,904
Pond Inlet	\$5,135	\$2,575	\$655	\$993	\$374	\$2,235	\$5,402	\$2,837	\$20,206	\$3,040	\$23,246
Qikiqtarjuaq	\$4,825	\$1,858	\$655	\$243	\$362	\$1,995	\$4,110	\$3,237	\$17,285	\$4,283	\$21,568
Rankin Inlet	\$4,825	\$2,627	\$655	\$603	\$314	\$2,427	\$2,812	\$1,462	\$15,725	\$9,990	\$25,715
Repulse Bay	\$5,678	\$1,734	\$655	\$603	\$362	\$2,475	\$4,082	\$3,387	\$18,976	\$8,826	\$27,803
Resolute Bay	\$6,221	\$2,015	\$655	\$603	\$374	\$2,513	\$5,082	\$3,262	\$20,725	\$4,183	\$24,908
Sanikiluaq	\$3,895	\$2,792	\$655	\$1,863	\$266	\$2,139	\$3,126	\$3,387	\$18,123	\$14,210	\$32,333
Taloyoak	\$5,756	\$4,000	\$655	\$783	\$443	\$2,907	\$6,472	\$3,262	\$24,277	\$2,127	\$26,405
Whale Cove	\$5,523	\$2,949	\$655	\$453	\$422	\$2,379	\$3,248	\$3,562	\$19,191	\$6,730	\$25,921
AVERAGE	\$5,287	\$2,578	\$655	\$772	\$384	\$2,369	\$4,209	\$2,903	\$19,158	\$6,837	\$25,994

FACTOR COSTS OF LIVING: EMPLOYEE WITH ONE DEPENDANT, SUBSIDIZED HOUSING

Community	Food	Freight	Elec.	Gas	Air Travel	Service Access	Sub-Total	Tax Factor	Total
Arctic Bay	\$4,825	\$2,015	\$655	\$374	\$4,820	\$3,137	\$15,826	\$4,980	\$20,806
Arviat	\$4,283	\$3,015	\$655	\$422	\$3,692	\$2,637	\$14,704	\$4,982	\$19,686
Baker Lake	\$5,678	\$3,044	\$655	\$410	\$3,802	\$2,712	\$16,301	\$5,655	\$21,956
Cambridge Bay	\$4,903	\$3,331	\$655	\$443	\$2,960	\$1,837	\$14,128	\$5,053	\$19,180
Cape Dorset	\$5,135	\$1,786	\$655	\$362	\$4,304	\$2,912	\$15,154	\$4,909	\$20,063
Chesterfield Inlet	\$6,066	\$2,970	\$655	\$422	\$3,270	\$3,462	\$16,845	\$6,142	\$22,987
Clyde River	\$5,058	\$2,356	\$655	\$338	\$4,762	\$3,137	\$16,305	\$5,223	\$21,528
Coral Harbour	\$5,756	\$3,158	\$655	\$443	\$4,056	\$3,462	\$17,529	\$6,096	\$23,624
Gjoa Haven	\$5,290	\$3,873	\$655	\$443	\$4,750	\$2,637	\$17,648	\$5,835	\$23,483
Grise Fiord	\$5,833	\$2,504	\$655	\$338	\$6,622	\$3,462	\$19,414	\$5,788	\$25,202
Hall Beach	\$5,213	\$1,952	\$655	\$338	\$4,826	\$3,362	\$16,346	\$5,212	\$21,558
Igloolik	\$5,678	\$1,952	\$655	\$338	\$4,822	\$3,037	\$16,482	\$5,275	\$21,757
Iqaluit	\$4,360	\$1,166	\$655	\$425	\$2,884	\$725	\$10,215	\$3,317	\$13,531
Kimmirut	\$5,911	\$1,628	\$655	\$362	\$3,320	\$3,362	\$15,238	\$5,392	\$20,630
Kugaaruk	\$6,763	\$4,029	\$655	\$443	\$5,328	\$3,262	\$20,480	\$6,855	\$27,335
Kugluktuk	\$4,748	\$3,447	\$655	\$443	\$3,108	\$2,462	\$14,862	\$5,318	\$20,179
Pangnirtung	\$4,825	\$1,666	\$655	\$338	\$3,568	\$2,587	\$13,639	\$4,556	\$18,195
Pond Inlet	\$5,135	\$2,575	\$655	\$374	\$5,402	\$2,837	\$16,978	\$5,237	\$22,215
Oikiqtarjuaq	\$4,825	\$1,858	\$655	\$362	\$4,110	\$3,237	\$15,047	\$4,948	\$19,995
Rankin Inlet	\$4,825	\$2,627	\$655	\$314	\$2,812	\$1,462	\$12,695	\$4,471	\$17,167
Repulse Bay	\$5,678	\$1,734	\$655	\$362	\$4,082	\$3,387	\$15,898	\$5,346	\$21,244
Resolute Bay	\$6,221	\$2,015	\$655	\$374	\$5,082	\$3,262	\$17,609	\$5,667	\$23,276
Sanikiluaq	\$3,895	\$2,792	\$655	\$266	\$3,126	\$3,387	\$14,121	\$4,974	\$19,095
Taloyoak	\$5,756	\$4,000	\$655	\$443	\$6,472	\$3,262	\$20,587	\$6,386	\$26,973
Whale Cove	\$5,523	\$2,949	\$655	\$422	\$3,248	\$3,562	\$16,359	\$5,932	\$22,291
AVERAGE	\$5,287	\$2,578	\$655	\$384	\$4,209	\$2,903	\$16,016	\$5,342	\$21,358

FACTOR COSTS OF LIVING: EMPLOYEE WITH TWO DEPENDANTS, HOMEOWNER

Community	Food	Freight	Elec.	Water	Gas	Heating Oil	Air Travel	Service Access	Sub-Total	Tax Factor	Total
Arctic Bay	\$5,611	\$2,015	\$655	\$1,143	\$374	\$2,283	\$7,230	\$3,137	\$22,448	\$6,885	\$29,333
Arviat	\$4,957	\$3,015	\$655	\$603	\$422	\$2,427	\$5,538	\$2,637	\$20,255	\$6,658	\$26,913
Baker Lake	\$6,638	\$3,044	\$655	\$603	\$410	\$2,475	\$5,703	\$2,712	\$22,240	\$7,482	\$29,722
Cambridge Bay	\$5,704	\$3,331	\$655	\$1,443	\$443	\$2,619	\$4,440	\$1,837	\$20,471	\$7,253	\$27,725
Cape Dorset	\$5,985	\$1,786	\$655	\$603	\$362	\$2,235	\$6,456	\$2,912	\$20,993	\$6,577	\$27,570
Chesterfield Inlet	\$7,105	\$2,970	\$655	\$783	\$422	\$2,427	\$4,905	\$3,462	\$22,729	\$8,064	\$30,794
Clyde River	\$5,891	\$2,356	\$655	\$1,173	\$338	\$2,235	\$7,143	\$3,137	\$22,928	\$7,141	\$30,069
Coral Harbour	\$6,732	\$3,158	\$655	\$603	\$443	\$2,475	\$6,084	\$3,462	\$23,611	\$7,930	\$31,540
Gjoa Haven	\$6,171	\$3,873	\$655	\$603	\$443	\$2,907	\$7,125	\$2,637	\$24,414	\$7,822	\$32,236
Grise Fiord	\$6,825	\$2,504	\$655	\$603	\$338	\$2,331	\$9,933	\$3,462	\$26,651	\$7,564	\$34,215
Hall Beach	\$6,078	\$1,952	\$655	\$603	\$338	\$2,283	\$7,239	\$3,362	\$22,510	\$6,909	\$29,419
Igloolik	\$6,638	\$1,952	\$655	\$873	\$338	\$2,235	\$7,233	\$3,037	\$22,961	\$7,116	\$30,077
Iqaluit	\$5,051	\$1,166	\$655	\$843	\$425	\$1,289	\$4,326	\$725	\$14,480	\$4,594	\$19,074
Kimmirut	\$6,918	\$1,628	\$655	\$453	\$362	\$2,197	\$4,980	\$3,362	\$20,555	\$7,047	\$27,601
Kugaaruk	\$7,945	\$4,029	\$655	\$603	\$443	\$3,080	\$7,992	\$3,262	\$28,009	\$9,056	\$37,065
Kugluktuk	\$5,518	\$3,447	\$655	\$843	\$443	\$2,427	\$4,662	\$2,462	\$20,456	\$7,146	\$27,601
Pangnirtung	\$5,611	\$1,666	\$655	\$783	\$338	\$2,235	\$5,352	\$2,587	\$19,227	\$6,277	\$25,504
Pond Inlet	\$5,985	\$2,575	\$655	\$993	\$374	\$2,235	\$8,103	\$2,837	\$23,756	\$7,082	\$30,838
Qikiqtarjuaq	\$5,611	\$1,858	\$655	\$243	\$362	\$1,995	\$6,165	\$3,237	\$20,125	\$6,316	\$26,442
Rankin Inlet	\$5,611	\$2,627	\$655	\$603	\$314	\$2,427	\$4,218	\$1,462	\$17,917	\$6,198	\$24,115
Repulse Bay	\$6,638	\$1,734	\$655	\$603	\$362	\$2,475	\$6,123	\$3,387	\$21,977	\$7,173	\$29,151
Resolute Bay	\$7,292	\$2,015	\$655	\$603	\$374	\$2,513	\$7,623	\$3,262	\$24,337	\$7,562	\$31,899
Sanikiluaq	\$4,491	\$2,792	\$655	\$1,863	\$266	\$2,139	\$4,689	\$3,387	\$20,281	\$7,054	\$27,336
Taloyoak	\$6,732	\$4,000	\$655	\$783	\$443	\$2,907	\$9,708	\$3,262	\$28,489	\$8,497	\$36,986
Whale Cove	\$6,451	\$2,949	\$655	\$453	\$422	\$2,379	\$4,872	\$3,562	\$21,744	\$7,633	\$29,377
AVERAGE	\$6,168	\$2,578	\$655	\$772	\$384	\$2,369	\$6,314	\$2,903	\$22,143	\$7,161	\$29,304

FACTOR COSTS OF LIVING: EMPLOYEE WITH TWO DEPENDANTS, SUBSIDIZED HOUSING

Community	Food	Freight	Elec.	Gas	Air Travel	Service Access	Sub-Total	Tax Factor	Total
Arctic Bay	\$5,611	\$2,015	\$655	\$374	\$7,230	\$3,137	\$19,022	\$5,335	\$24,357
Arviat	\$4,957	\$3,015	\$655	\$422	\$5,538	\$2,637	\$17,225	\$5,287	\$22,512
Baker Lake	\$6,638	\$3,044	\$655	\$410	\$5,703	\$2,712	\$19,162	\$6,089	\$25,251
Cambridge Bay	\$5,704	\$3,331	\$655	\$443	\$4,440	\$1,837	\$16,409	\$5,415	\$21,825
Cape Dorset	\$5,985	\$1,786	\$655	\$362	\$6,456	\$2,912	\$18,155	\$5,293	\$23,448
Chesterfield Inlet	\$7,105	\$2,970	\$655	\$422	\$4,905	\$3,462	\$19,519	\$6,612	\$26,131
Clyde River	\$5,891	\$2,356	\$655	\$338	\$7,143	\$3,137	\$19,520	\$5,600	\$25,119
Coral Harbour	\$6,732	\$3,158	\$655	\$443	\$6,084	\$3,462	\$20,533	\$6,537	\$27,070
Gjoa Haven	\$6,171	\$3,873	\$655	\$443	\$7,125	\$2,637	\$20,904	\$6,234	\$27,137
Grise Fiord	\$6,825	\$2,504	\$655	\$338	\$9,933	\$3,462	\$23,717	\$6,236	\$29,953
Hall Beach	\$6,078	\$1,952	\$655	\$338	\$7,239	\$3,362	\$19,624	\$5,603	\$25,227
Igloolik	\$6,638	\$1,952	\$655	\$338	\$7,233	\$3,037	\$19,853	\$5,710	\$25,562
Iqaluit	\$5,051	\$1,166	\$655	\$425	\$4,326	\$725	\$12,347	\$3,629	\$15,976
Kimmirut	\$6,918	\$1,628	\$655	\$362	\$4,980	\$3,362	\$17,905	\$5,848	\$23,753
Kugaaruk	\$7,945	\$4,029	\$655	\$443	\$7,992	\$3,262	\$24,326	\$7,390	\$31,716
Kugluktuk	\$5,518	\$3,447	\$655	\$443	\$4,662	\$2,462	\$17,185	\$5,666	\$22,852
Pangnirtung	\$5,611	\$1,666	\$655	\$338	\$5,352	\$2,587	\$16,208	\$4,912	\$21,120
Pond Inlet	\$5,985	\$2,575	\$655	\$374	\$8,103	\$2,837	\$20,528	\$5,621	\$26,149
Oikiqtarjuaq	\$5,611	\$1,858	\$655	\$362	\$6,165	\$3,237	\$17,887	\$5,304	\$23,191
Rankin Inlet	\$5,611	\$2,627	\$655	\$314	\$4,218	\$1,462	\$14,887	\$4,827	\$19,714
Repulse Bay	\$6,638	\$1,734	\$655	\$362	\$6,123	\$3,387	\$18,899	\$5,780	\$24,680
Resolute Bay	\$7,292	\$2,015	\$655	\$374	\$7,623	\$3,262	\$21,221	\$6,152	\$27,373
Sanikiluaq	\$4,491	\$2,792	\$655	\$266	\$4,689	\$3,387	\$16,279	\$5,244	\$21,523
Taloyoak	\$6,732	\$4,000	\$655	\$443	\$9,708	\$3,262	\$24,799	\$6,828	\$31,627
Whale Cove	\$6,451	\$2,949	\$655	\$422	\$4,872	\$3,562	\$18,912	\$6,352	\$25,264
AVERAGE	\$6,168	\$2,578	\$655	\$384	\$6,314	\$2,903	\$19,001	\$5,740	\$24,741

FACTOR COSTS OF LIVING: EMPLOYEE WITH THREE DEPENDANTS, HOMEOWNER

Community	Food	Freight	Elec.	Water	Gas	Heating Oil	Air Travel	Service Access	Sub-Total	Tax Factor	Total
Arctic Bay	\$6,397	\$2,015	\$655	\$1,143	\$374	\$2,283	\$9,640	\$3,137	\$25,644	\$7,241	\$32,884
Arviat	\$5,632	\$3,015	\$655	\$603	\$422	\$2,427	\$7,384	\$2,637	\$22,775	\$6,964	\$29,739
Baker Lake	\$7,598	\$3,044	\$655	\$603	\$410	\$2,475	\$7,604	\$2,712	\$25,101	\$7,916	\$33,017
Cambridge Bay	\$6,506	\$3,331	\$655	\$1,443	\$443	\$2,619	\$5,920	\$1,837	\$22,753	\$7,616	\$30,369
Cape Dorset	\$6,834	\$1,786	\$655	\$603	\$362	\$2,235	\$8,608	\$2,912	\$23,994	\$6,961	\$30,955
Chesterfield Inlet	\$8,144	\$2,970	\$655	\$783	\$422	\$2,427	\$6,540	\$3,462	\$25,404	\$8,535	\$33,938
Clyde River	\$6,724	\$2,356	\$655	\$1,173	\$338	\$2,235	\$9,524	\$3,137	\$26,142	\$7,518	\$33,660
Coral Harbour	\$7,707	\$3,158	\$655	\$603	\$443	\$2,475	\$8,112	\$3,462	\$26,615	\$8,371	\$34,986
Gjoa Haven	\$7,052	\$3,873	\$655	\$603	\$443	\$2,907	\$9,500	\$2,637	\$27,669	\$8,220	\$35,890
Grise Fiord	\$7,817	\$2,504	\$655	\$603	\$338	\$2,331	\$13,244	\$3,462	\$30,954	\$8,012	\$38,966
Hall Beach	\$6,943	\$1,952	\$655	\$603	\$338	\$2,283	\$9,652	\$3,362	\$25,788	\$7,300	\$33,088
Igloolik	\$7,598	\$1,952	\$655	\$873	\$338	\$2,235	\$9,644	\$3,037	\$26,332	\$7,550	\$33,882
Iqaluit	\$5,741	\$1,166	\$655	\$843	\$425	\$1,289	\$5,768	\$725	\$16,612	\$4,906	\$21,519
Kimmirut	\$7,926	\$1,628	\$655	\$453	\$362	\$2,197	\$6,640	\$3,362	\$23,222	\$7,502	\$30,725
Kugaaruk	\$9,127	\$4,029	\$655	\$603	\$443	\$3,080	\$10,656	\$3,262	\$31,855	\$9,591	\$41,446
Kugluktuk	\$6,287	\$3,447	\$655	\$843	\$443	\$2,427	\$6,216	\$2,462	\$22,779	\$7,494	\$30,273
Pangnirtung	\$6,397	\$1,666	\$655	\$783	\$338	\$2,235	\$7,136	\$2,587	\$21,796	\$6,633	\$28,429
Pond Inlet	\$6,834	\$2,575	\$655	\$993	\$374	\$2,235	\$10,804	\$2,837	\$27,306	\$7,466	\$34,772
Qikiqtarjuaq	\$6,397	\$1,858	\$655	\$243	\$362	\$1,995	\$8,220	\$3,237	\$22,966	\$6,672	\$29,638
Rankin Inlet	\$6,397	\$2,627	\$655	\$603	\$314	\$2,427	\$5,624	\$1,462	\$20,109	\$6,553	\$26,662
Repulse Bay	\$7,598	\$1,734	\$655	\$603	\$362	\$2,475	\$8,164	\$3,387	\$24,978	\$7,607	\$32,586
Resolute Bay	\$8,363	\$2,015	\$655	\$603	\$374	\$2,513	\$10,164	\$3,262	\$27,949	\$8,047	\$35,996
Sanikiluaq	\$5,086	\$2,792	\$655	\$1,863	\$266	\$2,139	\$6,252	\$3,387	\$22,440	\$7,324	\$29,764
Taloyoak	\$7,707	\$4,000	\$655	\$783	\$443	\$2,907	\$12,944	\$3,262	\$32,701	\$8,939	\$41,640
Whale Cove	\$7,380	\$2,949	\$655	\$453	\$422	\$2,379	\$6,496	\$3,562	\$24,296	\$8,053	\$32,349
AVERAGE	\$7,048	\$2,578	\$655	\$772	\$384	\$2,369	\$8,418	\$2,903	\$25,127	\$7,560	\$32,687

FACTOR COSTS OF LIVING: EMPLOYEE WITH THREE DEPENDANTS, SUBSIDIZED HOUSING

Community	Food	Freight	Elec.	Gas	Air Travel	Service Access	Sub-Total	Tax Factor	Total
Arctic Bay	\$6,397	\$2,015	\$655	\$374	\$9,640	\$3,137	\$22,218	\$5,691	\$27,908
Arviat	\$5,632	\$3,015	\$655	\$422	\$7,384	\$2,637	\$19,745	\$5,593	\$25,338
Baker Lake	\$7,598	\$3,044	\$655	\$410	\$7,604	\$2,712	\$22,023	\$6,524	\$28,546
Cambridge Bay	\$6,506	\$3,331	\$655	\$443	\$5,920	\$1,837	\$18,691	\$5,778	\$24,469
Cape Dorset	\$6,834	\$1,786	\$655	\$362	\$8,608	\$2,912	\$21,156	\$5,677	\$26,833
Chesterfield Inlet	\$8,144	\$2,970	\$655	\$422	\$6,540	\$3,462	\$22,194	\$7,082	\$29,276
Clyde River	\$6,724	\$2,356	\$655	\$338	\$9,524	\$3,137	\$22,734	\$5,977	\$28,710
Coral Harbour	\$7,707	\$3,158	\$655	\$443	\$8,112	\$3,462	\$23,537	\$6,979	\$30,515
Gjoa Haven	\$7,052	\$3,873	\$655	\$443	\$9,500	\$2,637	\$24,159	\$6,632	\$30,792
Grise Fiord	\$7,817	\$2,504	\$655	\$338	\$13,244	\$3,462	\$28,020	\$6,685	\$34,704
Hall Beach	\$6,943	\$1,952	\$655	\$338	\$9,652	\$3,362	\$22,902	\$5,995	\$28,896
Igloolik	\$7,598	\$1,952	\$655	\$338	\$9,644	\$3,037	\$23,224	\$6,144	\$29,368
Iqaluit	\$5,741	\$1,166	\$655	\$425	\$5,768	\$725	\$14,480	\$3,941	\$18,421
Kimmirut	\$7,926	\$1,628	\$655	\$362	\$6,640	\$3,362	\$20,573	\$6,304	\$26,876
Kugaaruk	\$9,127	\$4,029	\$655	\$443	\$10,656	\$3,262	\$28,172	\$7,925	\$36,096
Kugluktuk	\$6,287	\$3,447	\$655	\$443	\$6,216	\$2,462	\$19,509	\$6,014	\$25,524
Pangnirtung	\$6,397	\$1,666	\$655	\$338	\$7,136	\$2,587	\$18,778	\$5,267	\$24,045
Pond Inlet	\$6,834	\$2,575	\$655	\$374	\$10,804	\$2,837	\$24,078	\$6,006	\$30,084
Oikiqtarjuaq	\$6,397	\$1,858	\$655	\$362	\$8,220	\$3,237	\$20,728	\$5,659	\$26,387
Rankin Inlet	\$6,397	\$2,627	\$655	\$314	\$5,624	\$1,462	\$17,078	\$5,182	\$22,261
Repulse Bay	\$7,598	\$1,734	\$655	\$362	\$8,164	\$3,387	\$21,900	\$6,215	\$28,115
Resolute Bay	\$8,363	\$2,015	\$655	\$374	\$10,164	\$3,262	\$24,833	\$6,637	\$31,469
Sanikiluaq	\$5,086	\$2,792	\$655	\$266	\$6,252	\$3,387	\$18,438	\$5,513	\$23,951
Taloyoak	\$7,707	\$4,000	\$655	\$443	\$12,944	\$3,262	\$29,011	\$7,269	\$36,280
Whale Cove	\$7,380	\$2,949	\$655	\$422	\$6,496	\$3,562	\$21,464	\$6,772	\$28,236
AVERAGE	\$7,048	\$2,578	\$655	\$384	\$8,418	\$2,903	\$21,986	\$6,138	\$28,124

FACTOR COSTS OF LIVING: EMPLOYEE WITH FOUR DEPENDANTS, HOMEOWNER

Community	Food	Freight	Elec.	Water	Gas	Heating Oil	Air Travel	Service Access	Sub-Total	Tax Factor	Total
Arctic Bay	\$8,126	\$2,015	\$655	\$1,143	\$374	\$2,283	\$12,050	\$3,137	\$29,783	\$8,023	\$37,806
Arviat	\$7,170	\$3,015	\$655	\$603	\$422	\$2,427	\$9,230	\$2,637	\$26,159	\$7,659	\$33,819
Baker Lake	\$9,628	\$3,044	\$655	\$603	\$410	\$2,475	\$9,505	\$2,712	\$29,032	\$8,834	\$37,866
Cambridge Bay	\$8,262	\$3,331	\$655	\$1,443	\$443	\$2,619	\$7,400	\$1,837	\$25,989	\$8,410	\$34,400
Cape Dorset	\$8,672	\$1,786	\$655	\$603	\$362	\$2,235	\$10,760	\$2,912	\$27,985	\$7,793	\$35,777
Chesterfield Inlet	\$10,310	\$2,970	\$655	\$783	\$422	\$2,427	\$8,175	\$3,462	\$29,205	\$9,515	\$38,719
Clyde River	\$8,535	\$2,356	\$655	\$1,173	\$338	\$2,235	\$11,905	\$3,137	\$30,334	\$8,338	\$38,672
Coral Harbour	\$9,764	\$3,158	\$655	\$603	\$443	\$2,475	\$10,140	\$3,462	\$30,699	\$9,302	\$40,001
Gjoa Haven	\$8,945	\$3,873	\$655	\$603	\$443	\$2,907	\$11,875	\$2,637	\$31,937	\$9,077	\$41,014
Grise Fiord	\$9,901	\$2,504	\$655	\$603	\$338	\$2,331	\$16,555	\$3,462	\$36,349	\$8,955	\$45,304
Hall Beach	\$8,809	\$1,952	\$655	\$603	\$338	\$2,283	\$12,065	\$3,362	\$30,066	\$8,144	\$38,211
Igloolik	\$9,628	\$1,952	\$655	\$873	\$338	\$2,235	\$12,055	\$3,037	\$30,773	\$8,468	\$39,241
Iqaluit	\$7,307	\$1,166	\$655	\$843	\$425	\$1,289	\$7,210	\$725	\$19,620	\$5,615	\$25,234
Kimmirut	\$10,037	\$1,628	\$655	\$453	\$362	\$2,197	\$8,300	\$3,362	\$26,994	\$8,458	\$35,452
Kugaaruk	\$11,539	\$4,029	\$655	\$603	\$443	\$3,080	\$13,320	\$3,262	\$36,930	\$10,682	\$47,613
Kugluktuk	\$7,989	\$3,447	\$655	\$843	\$443	\$2,427	\$7,770	\$2,462	\$26,035	\$8,264	\$34,299
Pangnirtung	\$8,126	\$1,666	\$655	\$783	\$338	\$2,235	\$8,920	\$2,587	\$25,309	\$7,415	\$32,724
Pond Inlet	\$8,672	\$2,575	\$655	\$993	\$374	\$2,235	\$13,505	\$2,837	\$31,845	\$8,298	\$40,143
Qikiqtarjuaq	\$8,126	\$1,858	\$655	\$243	\$362	\$1,995	\$10,275	\$3,237	\$26,750	\$7,454	\$34,204
Rankin Inlet	\$8,126	\$2,627	\$655	\$603	\$314	\$2,427	\$7,030	\$1,462	\$23,244	\$7,336	\$30,579
Repulse Bay	\$9,628	\$1,734	\$655	\$603	\$362	\$2,475	\$10,205	\$3,387	\$29,049	\$8,526	\$37,575
Resolute Bay	\$10,583	\$2,015	\$655	\$603	\$374	\$2,513	\$12,705	\$3,262	\$32,711	\$9,051	\$41,762
Sanikiluaq	\$6,487	\$2,792	\$655	\$1,863	\$266	\$2,139	\$7,815	\$3,387	\$25,404	\$7,958	\$33,362
Taloyoak	\$9,764	\$4,000	\$655	\$783	\$443	\$2,907	\$16,180	\$3,262	\$37,994	\$9,869	\$47,863
Whale Cove	\$9,355	\$2,949	\$655	\$453	\$422	\$2,379	\$8,120	\$3,562	\$27,895	\$8,947	\$36,842
AVERAGE	\$8,940	\$2,578	\$655	\$772	\$384	\$2,369	\$10,523	\$2,903	\$29,124	\$8,416	\$37,539

FACTOR COSTS OF LIVING: EMPLOYEE WITH FOUR DEPENDANTS, SUBSIDIZED HOUSING

Community	Food	Freight	Elec.	Gas	Air Travel	Service Access	Sub-Total	Tax Factor	Total
Arctic Bay	\$8,126	\$2,015	\$655	\$374	\$12,050	\$3,137	\$26,357	\$6,473	\$32,830
Arviat	\$7,170	\$3,015	\$655	\$422	\$9,230	\$2,637	\$23,129	\$6,289	\$29,418
Baker Lake	\$9,628	\$3,044	\$655	\$410	\$9,505	\$2,712	\$25,953	\$7,442	\$33,395
Cambridge Bay	\$8,262	\$3,331	\$655	\$443	\$7,400	\$1,837	\$21,927	\$6,573	\$28,500
Cape Dorset	\$8,672	\$1,786	\$655	\$362	\$10,760	\$2,912	\$25,146	\$6,509	\$31,655
Chesterfield Inlet	\$10,310	\$2,970	\$655	\$422	\$8,175	\$3,462	\$25,995	\$8,062	\$34,057
Clyde River	\$8,535	\$2,356	\$655	\$338	\$11,905	\$3,137	\$26,926	\$6,796	\$33,722
Coral Harbour	\$9,764	\$3,158	\$655	\$443	\$10,140	\$3,462	\$27,621	\$7,909	\$35,531
Gjoa Haven	\$8,945	\$3,873	\$655	\$443	\$11,875	\$2,637	\$28,427	\$7,489	\$35,916
Grise Fiord	\$9,901	\$2,504	\$655	\$338	\$16,555	\$3,462	\$33,415	\$7,628	\$41,043
Hall Beach	\$8,809	\$1,952	\$655	\$338	\$12,065	\$3,362	\$27,180	\$6,839	\$34,019
Igloolik	\$9,628	\$1,952	\$655	\$338	\$12,055	\$3,037	\$27,664	\$7,062	\$34,727
Iqaluit	\$7,307	\$1,166	\$655	\$425	\$7,210	\$725	\$17,487	\$4,650	\$22,137
Kimmirut	\$10,037	\$1,628	\$655	\$362	\$8,300	\$3,362	\$24,344	\$7,259	\$31,603
Kugaaruk	\$11,539	\$4,029	\$655	\$443	\$13,320	\$3,262	\$33,248	\$9,016	\$42,263
Kugluktuk	\$7,989	\$3,447	\$655	\$443	\$7,770	\$2,462	\$22,765	\$6,784	\$29,549
Pangnirtung	\$8,126	\$1,666	\$655	\$338	\$8,920	\$2,587	\$22,291	\$6,050	\$28,341
Pond Inlet	\$8,672	\$2,575	\$655	\$374	\$13,505	\$2,837	\$28,617	\$6,837	\$35,455
Oikiqtarjuaq	\$8,126	\$1,858	\$655	\$362	\$10,275	\$3,237	\$24,512	\$6,441	\$30,954
Rankin Inlet	\$8,126	\$2,627	\$655	\$314	\$7,030	\$1,462	\$20,214	\$5,965	\$26,178
Repulse Bay	\$9,628	\$1,734	\$655	\$362	\$10,205	\$3,387	\$25,971	\$7,133	\$33,104
Resolute Bay	\$10,583	\$2,015	\$655	\$374	\$12,705	\$3,262	\$29,594	\$7,641	\$37,236
Sanikiluaq	\$6,487	\$2,792	\$655	\$266	\$7,815	\$3,387	\$21,402	\$6,147	\$27,549
Taloyoak	\$9,764	\$4,000	\$655	\$443	\$16,180	\$3,262	\$34,304	\$8,200	\$42,504
Whale Cove	\$9,355	\$2,949	\$655	\$422	\$8,120	\$3,562	\$25,063	\$7,666	\$32,728
AVERAGE	\$8,940	\$2,578	\$655	\$384	\$10,523	\$2,903	\$25,982	\$6,994	\$32,977

FACTOR COSTS OF LIVING: EMPLOYEE WITH FIVE DEPENDANTS, HOMEOWNER

Community	Food	Freight	Elec.	Water	Gas	Heating Oil	Air Travel	Service Access	Sub-Total	Tax Factor	Total
Arctic Bay	\$9,855	\$2,015	\$655	\$1,143	\$374	\$2,283	\$14,460	\$3,137	\$33,922	\$8,805	\$42,727
Arviat	\$8,708	\$3,015	\$655	\$603	\$422	\$2,427	\$11,076	\$2,637	\$29,543	\$8,355	\$37,899
Baker Lake	\$11,657	\$3,044	\$655	\$603	\$410	\$2,475	\$11,406	\$2,712	\$32,962	\$9,753	\$42,715
Cambridge Bay	\$10,019	\$3,331	\$655	\$1,443	\$443	\$2,619	\$8,880	\$1,837	\$29,226	\$9,205	\$38,431
Cape Dorset	\$10,510	\$1,786	\$655	\$603	\$362	\$2,235	\$12,912	\$2,912	\$31,975	\$8,625	\$40,600
Chesterfield Inlet	\$12,476	\$2,970	\$655	\$783	\$422	\$2,427	\$9,810	\$3,462	\$33,006	\$10,495	\$43,500
Clyde River	\$10,347	\$2,356	\$655	\$1,173	\$338	\$2,235	\$14,286	\$3,137	\$34,526	\$9,157	\$43,683
Coral Harbour	\$11,821	\$3,158	\$655	\$603	\$443	\$2,475	\$12,168	\$3,462	\$34,784	\$10,232	\$45,017
Gjoa Haven	\$10,838	\$3,873	\$655	\$603	\$443	\$2,907	\$14,250	\$2,637	\$36,205	\$9,933	\$46,139
Grise Fiord	\$11,985	\$2,504	\$655	\$603	\$338	\$2,331	\$19,866	\$3,462	\$41,744	\$9,898	\$51,642
Hall Beach	\$10,674	\$1,952	\$655	\$603	\$338	\$2,283	\$14,478	\$3,362	\$34,345	\$8,988	\$43,334
Igloolik	\$11,657	\$1,952	\$655	\$873	\$338	\$2,235	\$14,466	\$3,037	\$35,213	\$9,387	\$44,600
Iqaluit	\$8,872	\$1,166	\$655	\$843	\$425	\$1,289	\$8,652	\$725	\$22,627	\$6,323	\$28,950
Kimmirut	\$12,149	\$1,628	\$655	\$453	\$362	\$2,197	\$9,960	\$3,362	\$30,765	\$9,413	\$40,178
Kugaaruk	\$13,951	\$4,029	\$655	\$603	\$443	\$3,080	\$15,984	\$3,262	\$42,006	\$11,773	\$53,780
Kugluktuk	\$9,691	\$3,447	\$655	\$843	\$443	\$2,427	\$9,324	\$2,462	\$29,291	\$9,034	\$38,325
Pangnirtung	\$9,855	\$1,666	\$655	\$783	\$338	\$2,235	\$10,704	\$2,587	\$28,823	\$8,197	\$37,020
Pond Inlet	\$10,510	\$2,575	\$655	\$993	\$374	\$2,235	\$16,206	\$2,837	\$36,385	\$9,130	\$45,514
Qikiqtarjuaq	\$9,855	\$1,858	\$655	\$243	\$362	\$1,995	\$12,330	\$3,237	\$30,535	\$8,236	\$38,771
Rankin Inlet	\$9,855	\$2,627	\$655	\$603	\$314	\$2,427	\$8,436	\$1,462	\$26,379	\$8,118	\$34,497
Repulse Bay	\$11,657	\$1,734	\$655	\$603	\$362	\$2,475	\$12,246	\$3,387	\$33,120	\$9,444	\$42,563
Resolute Bay	\$12,804	\$2,015	\$655	\$603	\$374	\$2,513	\$15,246	\$3,262	\$37,473	\$10,056	\$47,529
Sanikiluaq	\$7,889	\$2,792	\$655	\$1,863	\$266	\$2,139	\$9,378	\$3,387	\$28,369	\$8,592	\$36,961
Taloyoak	\$11,821	\$4,000	\$655	\$783	\$443	\$2,907	\$19,416	\$3,262	\$43,287	\$10,800	\$54,087
Whale Cove	\$11,330	\$2,949	\$655	\$453	\$422	\$2,379	\$9,744	\$3,562	\$31,494	\$9,840	\$41,334
AVERAGE	\$10,832	\$2,578	\$655	\$772	\$384	\$2,369	\$12,627	\$2,903	\$33,120	\$9,272	\$42,392

FACTOR COSTS OF LIVING: EMPLOYEE WITH FIVE DEPENDANTS, SUBSIDIZED HOUSING

Community	Food	Freight	Elec.	Gas	Air Travel	Service Access	Sub-Total	Tax Factor	Total
Arctic Bay	\$9,855	\$2,015	\$655	\$374	\$14,460	\$3,137	\$30,496	\$7,255	\$37,751
Arviat	\$8,708	\$3,015	\$655	\$422	\$11,076	\$2,637	\$26,513	\$6,984	\$33,498
Baker Lake	\$11,657	\$3,044	\$655	\$410	\$11,406	\$2,712	\$29,884	\$8,360	\$38,244
Cambridge Bay	\$10,019	\$3,331	\$655	\$443	\$8,880	\$1,837	\$25,164	\$7,367	\$32,531
Cape Dorset	\$10,510	\$1,786	\$655	\$362	\$12,912	\$2,912	\$29,137	\$7,341	\$36,477
Chesterfield Inlet	\$12,476	\$2,970	\$655	\$422	\$9,810	\$3,462	\$29,796	\$9,042	\$38,838
Clyde River	\$10,347	\$2,356	\$655	\$338	\$14,286	\$3,137	\$31,118	\$7,615	\$38,733
Coral Harbour	\$11,821	\$3,158	\$655	\$443	\$12,168	\$3,462	\$31,706	\$8,840	\$40,546
Gjoa Haven	\$10,838	\$3,873	\$655	\$443	\$14,250	\$2,637	\$32,695	\$8,345	\$41,041
Grise Fiord	\$11,985	\$2,504	\$655	\$338	\$19,866	\$3,462	\$38,810	\$8,571	\$47,381
Hall Beach	\$10,674	\$1,952	\$655	\$338	\$14,478	\$3,362	\$31,459	\$7,683	\$39,142
Igloolik	\$11,657	\$1,952	\$655	\$338	\$14,466	\$3,037	\$32,105	\$7,980	\$40,085
Iqaluit	\$8,872	\$1,166	\$655	\$425	\$8,652	\$725	\$20,494	\$5,358	\$25,852
Kimmirut	\$12,149	\$1,628	\$655	\$362	\$9,960	\$3,362	\$28,116	\$8,214	\$36,330
Kugaaruk	\$13,951	\$4,029	\$655	\$443	\$15,984	\$3,262	\$38,323	\$10,107	\$48,430
Kugluktuk	\$9,691	\$3,447	\$655	\$443	\$9,324	\$2,462	\$26,021	\$7,554	\$33,575
Pangnirtung	\$9,855	\$1,666	\$655	\$338	\$10,704	\$2,587	\$25,804	\$6,832	\$32,636
Pond Inlet	\$10,510	\$2,575	\$655	\$374	\$16,206	\$2,837	\$33,157	\$7,669	\$40,826
Oikiqtarjuaq	\$9,855	\$1,858	\$655	\$362	\$12,330	\$3,237	\$28,296	\$7,224	\$35,520
Rankin Inlet	\$9,855	\$2,627	\$655	\$314	\$8,436	\$1,462	\$23,349	\$6,747	\$30,096
Repulse Bay	\$11,657	\$1,734	\$655	\$362	\$12,246	\$3,387	\$30,041	\$8,051	\$38,093
Resolute Bay	\$12,804	\$2,015	\$655	\$374	\$15,246	\$3,262	\$34,356	\$8,646	\$43,002
Sanikiluaq	\$7,889	\$2,792	\$655	\$266	\$9,378	\$3,387	\$24,367	\$6,781	\$31,148
Taloyoak	\$11,821	\$4,000	\$655	\$443	\$19,416	\$3,262	\$39,597	\$9,130	\$48,727
Whale Cove	\$11,330	\$2,949	\$655	\$422	\$9,744	\$3,562	\$28,662	\$8,559	\$37,221
AVERAGE	\$10,832	\$2,578	\$655	\$384	\$12,627	\$2,903	\$29,979	\$7,850	\$37,829