

Northern earnings and income

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The North has long been viewed as a land of opportunity for job seekers with the right skills and knowledge. Although the northern labour force is small, the rate of job growth over the past two decades in some industries has been strong.

This article compares earnings and incomes of northern Canadians with those of other Canadians, and shows who earns what in the North. It also examines income sources of Northerners and Canadians in general.

Average earnings in the 1970s and 1980s

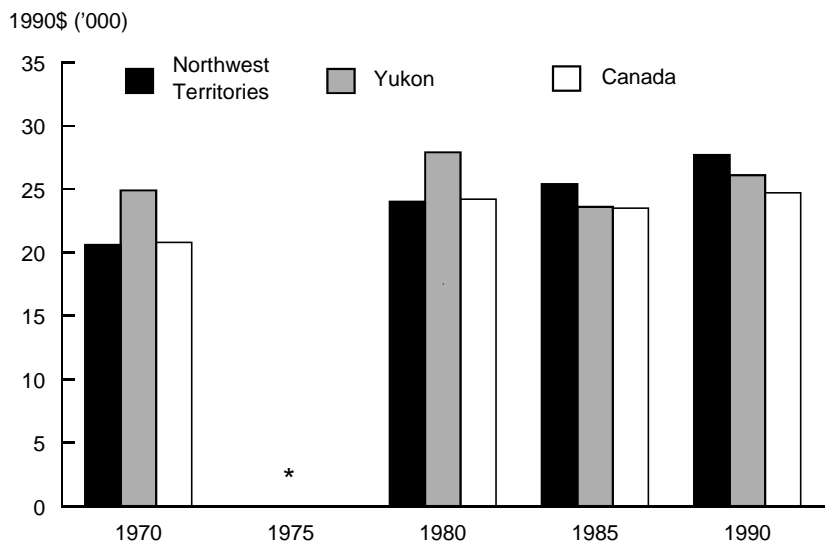
From 1970 to 1990, the Northwest Territories experienced the highest rate of growth in employment income (earnings) in Canada. Its average earnings increased by 35% after adjustment for inflation (Chart A). Early in the period, average earnings had been highest in the Yukon. By the mid-1980s, however, earnings in this territory had begun to decline. In 1990, they were only 5% higher than in 1970, while in Canada overall¹ they grew 19%. (Data sources and definitions used in this analysis are outlined in the preceding article, "Employment and industrial development in the North.")

During the first decade of the period, Canadians' average employment income grew by 17%. The same was true for the Northwest Territories. This growth was slower in the Yukon (12%), although average earnings continued to be the highest of any province or territory.

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Chart A

From 1970 to 1990, N.W.T. average earnings increased by 35%.



Source: Census of Canada, 1971, 1981, 1986, 1991.

* Data not available.

The recession of the early 1980s contributed to a reduction of earnings for many Canadians, especially in the Yukon, where average earnings dropped 15% from 1980 to 1985. On the other hand, average employment income in the Northwest Territories was 6% higher than it had been five years earlier.²

The North led the growth in earnings during the late 1980s. Both the re-opening of the Faro lead-zinc mine and related economic growth in the Yukon were reflected in the 10% increase in average earnings from 1985 to 1990. The Northwest Territories reported the highest average earnings of any province or territory in 1990, enjoying a 9% increase.

Median earnings in the 1990s

Earnings declined in Canada in the early 1990s. Median employment income³ among taxfilers was lower in 1994 than it had been in 1990: 6% lower in the Yukon, 5% in the Northwest Territories, and 4% in all of Canada (Chart B). Despite the larger decline in the North, median employment income continued to be higher there than in Canada overall. In 1994, median earnings were 20% higher in the Northwest Territories and 13% higher in the Yukon. The cost of living, however, is substantially higher in the North (see *Some measures of the cost of living in the North*).

Some measures of the cost of living in the North

Earning levels should not necessarily be equated with consumer purchasing power. Prices for consumer goods and services (that is, the cost of living) differ considerably between the North and the rest of Canada. Described below are several measures that give a general indication of price differences between selected cities in the North and elsewhere in the country.

Despite differences in the cost of living, inflation rates for Whitehorse (Y.T.) and Yellowknife (N.W.T.) are comparable with those for Canada as a whole. Between 1983 and 1995, the **Consumer Price Index** annual average for all items increased by 45.0% in Whitehorse, 51.9% in Yellowknife, and 50.8% in Canada as a whole.

To measure price differences between Yellowknife and Edmonton, the Northwest Territories Bureau of Statistics produces the **Spatial Price**

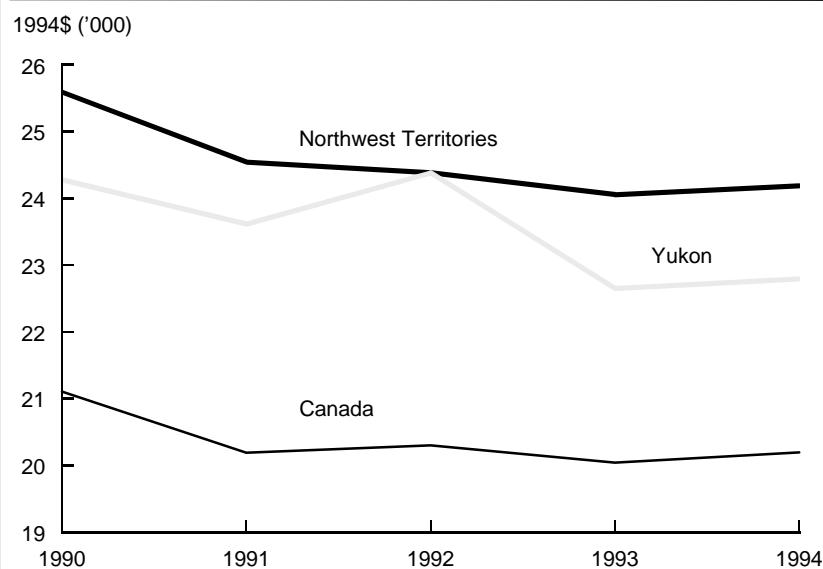
Index (SPI Edmonton = 100). Calculated each June, the SPI covers 90% of Edmonton's household expenditures as measured by the Consumer Price Index. Its major exclusion is mortgage interest payments. The SPI for Yellowknife was 136.3 in 1985, 131.2 in 1990 and 134.8 in 1993.

Differences between northern and southern costs of living vary across the North. One indicator of this variation is the **Living Cost Differential Allowance Index**. Several LCDs are produced by Statistics Canada to provide a range of price differentials between "isolated posts" and their respective "base" cities. For example, in 1994 the LCD index range for Yellowknife was 135.0 to 139.9. This means that prices for the selected "basket" of goods and services were roughly 35% to 40% higher in Yellowknife than in its base city of Ed-

monton. Across the Northwest Territories, index ranges for isolated posts varied from 120.0 to 124.9 for Fort Liard (Vancouver = 100) to 205.0 to 209.9 for Sachs Harbour (Edmonton = 100). In the Yukon, LCD index ranges varied from 115.0 to 119.9 in Whitehorse to 175.0 to 179.9 in Old Crow (Vancouver = 100).

It is important to note that LCD indexes apply only to federal government employees and do not necessarily reflect buying patterns for other households in the region. The LCD basket of goods and services includes groceries and other items ordered from outside the community. Several important components of household expenditure are excluded from the LCD basket, namely, shelter, clothing, furniture, vehicle purchase, and restaurant meals.

Chart B
Median earnings declined in the 1990s.



Source: Small Area and Administrative Data Division

Northern variations

The differences in annual earnings between the North and the rest of Canada are related partly to differences in the workforce distribution by sex, age and occupation (Grenon, 1997). Another important determinant is volume of work (that is, weekly hours of work and weeks of work in the year). A lower percentage of employed Northerners than workers in Canada worked full year full time. Annual earnings for those who did so were higher, however. In 1990, 48% of persons aged 15 and over in the Northwest Territories worked full year full time, 47% did so in the Yukon, and 52%, in Canada as a whole. Average employment income for those persons was \$42,300, \$37,300 and \$33,700, respectively.

Earnings also vary by occupation. In 1990, average employment income for most occupations was higher in the North than across Canada, with only a few exceptions, including sales and social sciences (Table 1).

Women and youths

In 1990, women on average earned 35% more in the Northwest Territories and 22% more in the Yukon than they did in Canada overall (Table 2). Men earned 22% more in the Northwest Territories and 7% more in the Yukon.

Furthermore, the male-female wage gap is less pronounced in the North than in Canada overall. At the beginning of the 1990s, women in the North earned 63 cents to every dollar earned by men. Across Canada, they made only 58 cents. By 1994, they were earning 67 cents in the Northwest Territories, 78 cents in the Yukon, and 62 cents across Canada (Table 3).

The gap has narrowed mainly because men's earnings declined in the early 1990s, particularly in the Yukon, where their median earnings dropped by 16% from 1990 to 1994 (Table 4). In contrast, Yukon women's earnings increased 4%. In 1992, men in the Yukon lost a major employer, the lead-zinc mine in Faro. This accounts for their drop in median employment income between 1992 and 1993.

Despite the higher unemployment rate among northern youths (aged 15 to 24), young people who work full year full time earn considerably more than youths in the rest of Canada; their average 1990 earnings were 33% higher in the Northwest Territories, and 24% higher in the Yukon (Table 5). These regional differences diminish with age. Among workers aged 55 to 64, average 1990 earnings were 18% higher in the Northwest Territories and 4% higher in the Yukon.

Table 1
Average employment income of persons aged 15 years and over working full year full time, by major occupational group, 1990

	Northwest Territories	Yukon	Canada
	1990 \$		
All occupations	42,300	37,300	33,700
Managerial and administrative	51,300	43,800	44,900
Natural sciences, engineering and mathematics	52,500	50,300	43,200
Social sciences	43,300	41,600	45,000
Teaching	44,600	41,800	42,400
Medicine and health	49,800	41,500	39,500
Artistic, literary and recreational	34,200	27,900	32,700
Clerical	31,100	30,100	25,100
Sales	31,000	31,200	31,800
Service	34,400	27,800	24,500
Mining, quarrying, oil and gas	68,400	43,000	45,400
Processing	43,400	x	31,400
Product fabricating, assembling and repairing	43,000	38,400	30,000
Construction	42,400	37,400	35,100
Transport equipment operating	35,700	37,800	33,100
Material handling	36,700	x	28,700
Other crafts and equipment operating	47,700	x	35,200

Source: Census of Canada, 1991

Table 2
Average earnings for men and women aged 15 years and over working full year full time, 1990

	Northwest Territories	Yukon	Canada
	1990 \$		
Both sexes	42,300	37,300	33,700
Men	47,100	41,400	38,600
Women	35,100	31,800	26,000

Source: Census of Canada, 1991

Ethnic origin and length of stay make a difference

An important feature of the North's income profile is its distribution by ethnic origin (Grenon, 1997). For example, in 1990, although 37% of adult earners were of Aboriginal origin, they received only 23% of total employment income. Their average earnings were around \$17,000. Non-Aboriginal workers earned \$37,400 in the Northwest

Territories and \$28,000 in the Yukon (Table 6).

Some of the gap is related to differences in work activity. In 1990, 58% of earners of non-Aboriginal origin worked full year full time, compared with 33% of Aboriginal earners. However, even among those who worked full year full time, the average 1990 employment income was \$31,900 among the latter, compared with \$43,300. These differences are to some extent explained by the greater rural

Table 3
Women's median earnings as a percentage of men's

	N.W.T.	Yukon	Canada
	%		
1990	63	63	58
1991	64	67	60
1992	66	67	62
1993	67	80	62
1994	67	78	62

Source: Small Area and Administrative Data Division

representation and lower education levels of the Aboriginal population. Variations in income and labour force activity exist within Aboriginal groups as well, and are related largely to regional economic activity (Table 7).

Earnings also vary with length of residency. In the Yukon, longer-term residents⁴ tend to have higher annual earnings than do recent migrants (Table 8). In contrast, recent migrants to the Northwest Territories generally have higher annual earnings than those who have lived in the area for some time. This likely reflects the migration of skilled workers and professionals into an area with a relatively small urban population.

Income from all sources

Earnings are but one source of income. Retirement and investment income, government transfer payments and other sources⁵ also contribute to the total income for individuals, and have become more important over the past two decades (Table 9). From 1970 to 1990, income from wages, salaries and commissions, and net income from self-employment and family farms declined from 94% to 90% of total income in the Northwest Territories, and from 94% to 87% in the Yukon. Across Canada, it dropped from 86% to 78%. This trend appears to be continuing. Among taxfilers in 1994, total income from employment was 86% in the Northwest Territories, 82% in the Yukon, and 72% across Canada. Northerners still rely less on non-employment income than do other Canadians, partly because fewer of them are retired and receiving pension and retirement income.

Yukon taxfilers' median total income has declined substantially since 1992. Even so, it continues to lead the country. In 1994, it was \$22,900, compared with \$22,700 in the Northwest Territories and

Table 4
Median taxfiler employment income by sex

	Northwest Territories		Yukon		Canada	
	Men	Women	Men	Women	Men	Women
1994 \$						
1990	31,600	19,800	31,300	19,100	27,300	15,900
1991	30,300	19,400	28,800	19,400	25,900	15,400
1992	29,600	19,400	29,600	19,800	25,600	15,800
1993	28,900	19,400	30,000	20,100	25,300	15,600
1994	29,100	19,600	25,600	19,900	25,400	15,800
% change from 1990 to 1994	-7.9	-1.0	-15.5	4.0	-7.1	-0.4

Source: Small Area and Administrative Data Division

Table 5
Average employment income for persons aged 15 years and over working full year full time, by age group, 1990

	Northwest Territories	Yukon	Rest of Canada	As a % of the rest of Canada	
				Northwest Territories	Yukon
1990 \$					
All ages	42,300	37,300	33,700	125	111
15-24	25,500	23,700	19,100	133	124
25-34	40,000	35,300	30,200	133	117
35-44	47,600	40,100	37,000	128	108
45-54	47,000	40,900	38,700	122	106
55-64	42,700	37,600	36,100	118	104
65 & over	36,500	30,500	29,300	125	104

Source: Census of Canada, 1991

\$18,500 across Canada. In urban areas, especially, Northerners reported high median incomes: \$36,700 in Yellowknife and \$25,300 in Whitehorse. Figures in selected southern census metropolitan areas were \$24,500 in Ottawa,⁶ \$20,600 in Toronto, \$19,900 in Vancouver, and \$17,800 in Montréal.

Conclusion

Earnings in the Yukon are among the highest in the country, and those in the Northwest Territories have increased substantially since the 1970s. High wages and salaries

Table 6
Average employment income by ethnic origin and work activity, 1990

	Northwest Territories	Yukon
	1990 \$	
Aboriginal origins		
Worked in 1990	16,900	17,500
Full year full time	32,400	29,400
Part year or part time	9,300	12,200
Non-aboriginal origins		
Worked in 1990	37,400	28,000
Full year full time	46,900	38,300
Part year or part time	20,800	17,000

Source: Census of Canada, 1991

**Table 7
Average employment income of workers by Aboriginal origin and work activity, 1990**

	Worked full year full time		Worked part year or part time		% of workers who worked full year full time	
	Northwest Territories	Yukon	Northwest Territories	Yukon	Northwest Territories	Yukon
	1990 \$				%	
Inuit						
Single origin	29,400	-	8,000	15,100	32	-
Multiple origin	36,600	20,200	10,300	15,900	29	60
Métis						
Single origin	37,000	32,900	12,800	12,400	43	39
Multiple origin	39,300	32,500	14,100	13,600	45	38
North American Indian						
Single origin	30,400	28,700	8,900	11,300	28	31
Multiple origin	40,600	30,100	13,500	13,000	42	30

Source: Census of Canada, 1991

3 Earnings and other income from taxfilers are generally presented as median values. Historical census data for earnings are generally presented as averages. Although median and average earning levels differ, the trends are similar.

4 Longer-term residents are persons aged 15 and over who resided in the same territory during the 1986 and 1991 Censuses. In contrast, recent migrants moved to one territory or province from another territory, province or country between the censuses.

5 Government transfer payments include Old Age Security and Guaranteed Income Supplement, Canada and Quebec Pension Plan benefits, Employment Insurance benefits, Family Allowance, Federal Child Tax Credit, and other income from government.

Other sources include investment income, retirement income, and other money income such as alimony, child support, severance pay and strike pay.

6 This refers only to the Ottawa portion of the Ottawa-Hull census metropolitan area.

**Table 8
Median employment income by migration status, 1990**

	Northwest Territories	Yukon	Canada
	1990 \$		
Recent migrants	30,000	21,900	16,900
Longer-term residents	18,000	23,900	20,100

Source: Census of Canada, 1991

accrue to certain skilled workers in the natural resources and service industries. Not all northern workers have these opportunities, however.

Major gaps in earnings persist between Aboriginal and non-Aboriginal workers, and between recent migrants and longer-term residents. Much of the difference is related to volume of work, occupation, education, age and sex, as well as to labour markets. □

**Table 9
Distribution of total income by source**

	Northwest Territories			Yukon			Canada		
	1970	1980	1990	1970	1980	1990	1970	1980	1990
	%								
Employment income	93.8	91.6	90.1	94.1	91.4	86.9	86.3	82.1	77.8
Transfer payments *	4.3	5.6	7.5	3.8	4.5	7.8	6.6	8.4	11.4
Other income *	1.8	2.8	2.4	2.1	4.2	5.3	7.1	9.5	10.8

Source: Census of Canada, 1971, 1981, 1991

Note: Because of rounding, totals may not add to 100.

* See note 5.

■ **Notes**

1 Some comparisons are between the Yukon or Northwest Territories and the rest of Canada; others, because of data limitations, are with all of Canada.

2 In fact, this growth was the highest of all the provinces or territories, up from sixth place in 1980.

■ **References**

Gartley, J. *Earnings of Canadians*. Focus on Canada. Catalogue no. 96-317-XPE. Ottawa: Statistics Canada, 1994.

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