

December  
2021

The Nova Scotia  
Minimum Wage  
Review Committee  
Report



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The Nova Scotia Minimum Wage Review Committee Report December 2021  
Department of Labour, Skills and Immigration  
December 2021

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Honourable Jill Balsler  
Minister of Labour, Skills and Immigration  
1505 Barrington Street  
Halifax, NS B3J 2T8

Dear Minister Balsler:

In the Minimum Wage Review Committee's January 2021 report, in addition to recommending an increase to the minimum wage rate based on the formula set out in the minimum wage regulations, we recommended the Committee conduct a further review of the rate and approach to setting the minimum wage rate.

This is to advise that the Committee has now completed its review. Based on our review, the Committee recommends that the minimum wage rate increase by \$0.40 to \$13.35 on April 1, 2022, in accordance with the formula set out in the minimum wage regulations.

The Committee further recommends the following adjustments:

- On October 1, 2022 an increase to \$13.60 per hour
- On April 1, 2023 an increase to \$14.30 per hour
- On October 1, 2023 an increase to \$14.65 per hour
- On April 1, 2024 an increase to \$15.00 per hour
- Starting April 1, 2025, the minimum wage rate be adjusted with inflation, plus an additional 1%, annually

Please find our report attached, which includes the recommended adjustments to the minimum wage rate as well as the rationale behind the recommended adjustments.

We wish to acknowledge, with thanks, staff at the Nova Scotia Department of Labour, Skills and Immigration, who continue to support the Committee's work.

Respectfully submitted by:

Original signed by

\_\_\_\_\_  
Collette Robert, Employee Representative

Original signed by

\_\_\_\_\_  
Wes Surrect, Employer Representative

Original signed by

\_\_\_\_\_  
Danny Cavanagh, Employee Representative

Original signed by

\_\_\_\_\_  
Julie Marks, Employer Representative

## Background Information

Nova Scotia's minimum wage is set by regulations, which provide a mechanism for adjusting the minimum wage. The Minimum Wage Review Committee is mandated, under the Nova Scotia *Labour Standards Code*, to conduct an annual review of the minimum wage and submit a report to the Minister setting out its recommendations.

In the Minimum Wage Review Committee's November 2018 report, the Committee recommended that minimum wage increase by approximately \$0.55 each year (a set \$0.30 adjustment plus projected inflation of about \$0.25) in each of April 2019, April 2020 and April 2021, and that effective April 1, 2022, the rate be adjusted with inflation. Government accepted the recommendation and amended the minimum wage regulations to include a formula whereby minimum wage would increase by \$0.30 plus projected inflation (based on the annual national inflation rate, Consumer Price Index or CPI) in each of April 2019, April 2020 and April 2021. On April 1, 2019 minimum wage increased from \$11.00 to \$11.55.

In the Minimum Wage Review Committee's December 2019 report, the Committee recommended that the minimum wage increase by \$0.55 on April 1, 2020, in accordance with the formula set out in the minimum wage regulations. As well, the Committee recommended that the inexperienced minimum wage rate, which was set at \$0.50 less than the general minimum wage, be eliminated. Citing Nova Scotia's continued economic growth, and a commitment to ensuring all workers can get ahead, the government increased the minimum wage on April 1, 2020 by \$1.00 to \$12.55. As well, government eliminated the inexperienced minimum wage and the partial hour rule, which required employers to ensure their employees earned at least the equivalent of minimum wage once partial hours worked were rounded up.

In the Minimum Wage Review Committee's January 2021 report, the Committee recommended that the minimum wage rate be adjusted based on the formula set out in the minimum wage regulations. In addition, noting concerns about the disparities between workers highlighted by the COVID-19 pandemic, difficulties employers have been experiencing attracting and retaining good workers, and Nova Scotia's minimum wage rate relative to those of other Canadian jurisdictions, the Committee recommended a further review of the current rate and approach to setting the minimum wage. Government accepted the Committee's recommendations and on April 1, 2021, the minimum wage increased from \$12.55 to \$12.95.

This is the first Minimum Wage Review Committee report since the Committee recommended in its January 2021 report that a further review of the current rate and approach to setting the minimum wage be conducted.

## Profile of Minimum Wage Earners

An average of 8.1% of workers, or 31,400 Nova Scotians, worked for minimum wage during the period from April 2020 to March 2021. Minimum wage earners work throughout the Province. They work primarily in retail trade, followed by food and accommodation industries. 60% of minimum wage earners are female, 74% are non-students, 34% are over the age of 35, 43% are employed full time, and 53% have post-secondary education.

## Minimum Wage Rate (General) across Canada

Jurisdiction	Rate	Effective Date
British Columbia	\$15.20	Jun 1, 2021
Alberta	\$15.00	Oct 1, 2018
Saskatchewan	\$11.81	Oct 1, 2021
Manitoba	\$11.95	Oct 1, 2021
*Ontario	\$14.35	Oct 1, 2021
Quebec	\$13.50	May 1, 2021
*New Brunswick	\$11.75	Apr 1, 2021
Nova Scotia	\$12.95	Apr 1, 2021
*Prince Edward Island	\$13.00	Apr 1, 2021
Newfoundland and Labrador	\$12.75	Oct 1, 2021
Yukon	\$15.20	Aug 1, 2021
Northwest Territories	\$15.20	Sep 1, 2021
Nunavut	\$16.00	Apr 1, 2020

Note: ON's minimum wage rate is scheduled to increase to \$15.20 on January 1, 2022. NB's minimum wage rate is scheduled to increase to \$12.75 on April 1, 2022 and then to \$13.75 on October 1, 2022. PEI's minimum wage rate is scheduled to increase to \$13.70 on April 1, 2022.

## History of Setting the Minimum Wage Rate at LICO

Beginning in 2011, the base minimum wage rate in Nova Scotia was set at Canada's Low Income Cut Off (LICO) line for a community with a population of 30,000 to 99,999 people, representing a city the size of Sydney, Nova Scotia. LICO lines are calculated in relation to the expenditure of an average person or family on the essentials of food, clothing and shelter. If a family is required to spend 20% more of its total income on essentials than the average Canadian family, then it falls beneath the LICO line and is considered low income.

From 2011 to 2018, the minimum wage regulations prescribed a formula for adjusting minimum wage annually based on CPI. The base LICO line used in 2011 was based on a full-time employee earning minimum wage and working 2,000 hours per year (40 hours per week x 50 weeks).

Data reviewed by the Committee in 2018 showed that an average work week for full-time employees is about 37 hours, not 40, which amounts to 1,850 hours of work per year instead of 2000. The Committee concluded in its November 2018 report that an individual earning minimum wage and working 37 hours per week does not in fact reach LICO for a community the size of Sydney.

As noted above, the Committee recommended that minimum wage increase by approximately \$0.55 each year (a set \$0.30 adjustment plus projected inflation of about \$0.25) in each of April 2019, April 2020 and April 2021, and that effective April 1, 2022, the rate be adjusted with inflation. These recommendations were designed to achieve, by April 2021, a base LICO line based on a full-time employee earning minimum wage and working 1,850 hours per year.

As a result of the government increasing the minimum wage rate by \$1.00 on April 1, 2020 – an increase \$0.45 greater than what had been recommended by the Committee – and even though inflation was lower in 2020 than what was projected at the time the Committee made its recommendations in 2018, the current minimum wage rate of \$12.95 is slightly ahead of a base LICO line based on a full-time employee earning minimum wage and working 1,850 hours per year.

## **Revisiting the Minimum Wage Rate and the Formula for Adjusting the Rate**

Beginning on April 1, 2022, in accordance with the formula set out in the minimum wage regulations, the minimum wage is scheduled to increase annually by the percentage change in the projected annual CPI for the calendar year preceding the year in which the adjustment occurs. As noted previously, the Committee recommended in its January 2021 report that a further review of the minimum wage rate and approach to setting the minimum wage be conducted. The recommendations made at the end of this report are the result of this further review.

In making recommendations regarding the minimum wage rate, the Minimum Wage Review Committee has traditionally taken into account the below considerations:

- maintaining fairness for the lowest paid members of the Nova Scotia workforce;
- recognizing minimum wage and cost of living trends;
- the impact of minimum wage adjustments on businesses and the economy.

These considerations continued to inform the Committee's discussion, which is outlined below.

### **Committee Discussion Regarding the Minimum Wage Adjustment**

16.6% of minimum wage earners in Nova Scotia live alone or are the single income earner in their family. 62.1% of this subset of minimum wage earners rent their living accommodations. These minimum wage earners are unable to afford rent without undue pressure on their income – affecting their ability to pay for essentials such as food, clothing and transportation. While not all minimum wage earners face these constraints, concerns were expressed that without a change to the current approach to setting minimum wage, there will continue to be a number of minimum wage earners who live below the poverty line and struggle to make ends meet.

Concerns were expressed that any increases in the minimum wage rate must not have a significant employment effect (e.g., in relation to businesses laying off workers or slowing down hiring). Concerns were also expressed that increases be predictable and that employers receive notice of increases so that they can structure their practices to best absorb the increase in the cost of labour.

Research generally finds that there are no significant effects on employment rates when modest increases are made to the minimum wage rate. However, when increases in the minimum wage rate approach five times the rate of CPI, negative effects on employment rates can result.

The economy tends to grow at a greater rate than inflation. From 1990 to 2019 in Nova Scotia the gap between average household income and inflation has gradually widened. When the minimum wage rate remains indexed to inflation, minimum wage earners do not get a share of the economic growth of the Province. The Committee recognizes the work that has been done in the past to get Nova Scotia to a minimum wage that is at least at a base LICO line based on a full-time employee earning minimum wage and working 1,850 hours per year. The Committee believes that in addition to increasing the minimum wage rate by CPI annually, which allows the minimum wage rate to keep up with increases in the cost of living, minimum wage should also be increased by an additional amount to account for the ongoing economic growth of the Province.

If the minimum wage rate is increased by set amounts over the course of the next three years to account for the fact that minimum wage earners have historically not shared in the economic growth of the Province, the rate thereafter can be indexed to CPI and increased by an additional 1% annually. In so doing, Nova Scotia's minimum wage rate will both increase with the cost of living and allow minimum wage earners to share in the economic growth of the Province. The recommended increases must be sufficiently modest that no significant effects on employment rates will be expected. This approach will make the minimum wage rate increases predictable so that employers can structure their practices to best absorb the increase in the cost of labour.

## Recommendations of the Committee

Based on the considerations and analysis outlined above, the Committee provides the following recommendations:

- The Committee recommends that the minimum wage rate be increased by \$0.40, to \$13.35 on April 1, 2022, in accordance with the formula set out in the minimum wage regulations. (Multiplying the current rate of \$12.95 by the percentage change in the projected annual CPI of 3.0% and rounding it to the nearest \$0.05 = \$0.40)
- The Committee recommends that the minimum wage rate then be increased to:
  - \$13.60 per hour on October 1, 2022
  - \$14.30 per hour on April 1, 2023
  - \$14.65 on October 1, 2023 and
  - \$15.00 per hour on April 1, 2024
- Finally, the Committee recommends that, starting April 1, 2025, the minimum wage rate be adjusted annually by the percentage change in the projected annual CPI for the calendar year immediately preceding the year in which the adjustment occurs, plus an additional 1%.

Note, we make these recommendations appreciating that the Minimum Wage Review Committee is mandated under the *Labour Standards Code* to conduct an **annual** review of the minimum wage and that the Committee could recommend a different approach in the future, should circumstances warrant a different approach.