

December
2023

**The Nova Scotia
Minimum Wage
Review Committee
Report**



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The Nova Scotia Minimum Wage Review Committee Report December 2023
Department of Labour, Skills and Immigration
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The Minimum Wage Review Committee is pleased to advise that we have concluded our annual review of the minimum wage. Attached, please find our report.

The Committee is recommending Government adjust the minimum wage in accordance with the formula set out in the minimum wage regulations. You will note that our report also includes a dissenting recommendation from a member of the Committee.

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

Alfred Burgesson, Employee Representative

Original signed by

Bob Smith, 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 December 2021 report, concerns were expressed that without a change to the approach to setting minimum wage, there would continue to be a number of minimum wage earners who live below the poverty line and struggle to make ends meet. Concerns were also expressed that increases in the minimum wage rate be predictable and that employers receive notice of increases so that they can structure their practices to best absorb labour cost increases.

In the December 2021 report, the Committee recommended incremental increases that would have Nova Scotia's minimum wage reach \$15.00 per hour on April 1, 2024, and that in the years following the minimum wage be set by a new formula – indexing minimum wage to the Consumer Price Index (CPI) and increasing it by an additional 1% annually. The rationale was that since the economy tends to grow at a greater rate than inflation, annually increasing minimum wage by an additional 1% over CPI would allow minimum wage earners to share in the economic growth of the Province on a go-forward basis. The Committee commented in its report that, should circumstances warrant, the Committee could recommend a different approach in the future.

In the Minimum Wage Review Committee's December 2022 report, the Committee noted that due to an unforeseen and significant increase in inflation for the 2022 calendar year – as well as the forecasted inflation rate for the 2023 calendar year – the incremental increases to minimum wage recommended in the December 2021 report would not have the expected impact on the purchasing power of minimum wage earners.

In the December 2022 report the Committee recommended that the Province accelerate the move to a \$15.00 minimum wage, but not so quickly that it would be difficult for businesses to absorb the increased cost of labour. The Committee specifically recommended that:

- minimum wage increase to \$14.50 on April 1, 2023, and \$15.00 on October 1, 2023
- starting April 1, 2024, minimum wage be adjusted April 1 each year 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% - as calculated from the minimum wage rate set the preceding April

Profile of Minimum Wage Earners

An average of 6% of workers, or 26,200 Nova Scotians, worked for minimum wage during the period from April 2022 to March 2023. During this period minimum wage was \$13.60 per hour and an additional 27,700 Nova Scotians earned between \$13.61 and \$15.00 per hour. Minimum wage earners work primarily in retail trade and the food and accommodation industries. 56% of minimum wage earners are female, 63% are non-students, 27% are over the age of 35, 37% are employed full time, and 44% have post-secondary education.

Minimum Wage Rates Across Canada

Jurisdiction	Rate	Effective Date
British Columbia	\$16.75	Apr 1, 2023
Alberta	\$15.00	Oct 1, 2018
*Saskatchewan	\$14.00	Oct 1, 2023
Manitoba	\$15.30	Oct 1, 2023
Ontario	\$16.55	Oct 1, 2023
Quebec	\$15.25	May 1, 2023
New Brunswick	\$14.75	Apr 1, 2023
Nova Scotia	\$15.00	Oct 1, 2023
*Prince Edward Island	\$15.00	Oct 1, 2023
Newfoundland and Labrador	\$15.00	Oct 1, 2023
Yukon	\$16.77	Apr 1, 2023
Northwest Territories	\$16.05	Sep 1, 2023
*Nunavut	\$16.00	Apr 1, 2020

Note: SK's minimum wage rate is scheduled to increase to \$15.00 on October 1, 2024. PEI's minimum wage rate is scheduled to increase to \$15.40 on April 1, 2024 and then to \$16.00 on October 1, 2024. NU's minimum wage rate is scheduled to increase to \$19.00 on January 1, 2024.

Committee Discussion

As noted in the Committee's December 2021 report, there is a subset of minimum wage earners who are unable to afford rent without undue pressure on their income – affecting their ability to pay for essentials such as food, clothing and transportation. It was concerns such as these that led to the Committee's December 2021 recommendation to annually increase minimum wage by an additional 1% over CPI.

While concern was expressed that the current formula for setting the minimum wage would not be sufficient for the lowest earners to make ends meet, Committee members noted that thoughtful consideration went into the approach recommended by the Committee in 2021, and that the approach was subsequently adjusted in response to unforeseen increases in inflation. A majority of the Committee felt a change in the current approach to setting the minimum wage rate was not appropriate at this time, noting in particular the importance of keeping minimum wage adjustments predictable so employers can plan for the increases.

While the Committee recognizes that the only tool within its mandate to support low-income earners is the minimum wage, the Committee's discussions also touched on other measures and tools outside its mandate that might assist low-income earners, including the following:

- increasing the basic personal tax exemption
- increasing funding for subsidy programs that target low-income earners
- introducing new grants or subsidies that incentivize employers to pay higher wages
- enhancing the minimum employment standards under the *Labour Standards Code* to benefit workers
- employing evidence-based data that considers the direct impact of initiatives on the wellbeing of low-income earners (such as a quality of life index)

Adjusting the Minimum Wage Rate

Minimum wage is currently \$15.00 per hour. Following the formula set out in the minimum wage regulations, the minimum wage rate is to be adjusted for 2024 by the percentage change in the national CPI for the 2023 calendar year, plus an additional 1%, as calculated from the minimum wage rate set the preceding April. CPI for the 2023 calendar year is projected to increase by 3.7% from the previous year and the minimum wage rate set on April 1, 2023 was \$14.50. Multiplying the April 1, 2023 minimum wage rate by 4.7% and rounding to the nearest \$0.05 in accordance with the formula set out in the minimum wage regulations results in an increase of \$0.70 to the minimum wage rate set on April 1, 2023 (\$14.50). This results in a total increase of \$0.20 to the current minimum wage rate.

Recommendation of the Committee

(Alfred Burgesson, Bob Smith, Julie Marks)

Applying the formula set out in the minimum wage regulations, the Committee recommends that the minimum wage rate increase to \$15.20 per hour, to take effect April 1, 2024.

Dissenting Recommendation

(Danny Cavanagh)

The current formula for adjusting the minimum wage should be re-evaluated as it does not allow minimum wage earners to manage the current cost of living and does not result in employees receiving fair compensation for their work.