

Annual Report
January
2016

The Nova Scotia Minimum Wage Review Committee



Honourable Kelly Regan
Minister of Labour and Advanced Education
5151 Terminal Road
Halifax, Nova Scotia
B3J 2T8

Dear Minister Regan:

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, which includes the recommended adjustment to the minimum wage rates (experienced and inexperienced) and the data used to calculate the adjustment.

This year, the Committee also reviewed the issue of whether the Government should establish a lower minimum wage for employees who earn tips – commonly known as a tip differential – which was last considered by the Committee in 2009. The attached report includes our recommendation on the tip differential issue.

Once again, we wish to acknowledge staff at the Nova Scotia Department of Labour and Advanced Education who continue to support our work.

Respectfully submitted by:

Original signed by

Rick Clarke

Steven MacPherson

Ryan MacLeod

Joe MacDonald

Background Information

Nova Scotia's minimum wage is set by regulations, which provide a mechanism for adjusting the minimum wage by the annual national inflation rate (Consumer Price Index). 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. Since 2011, when the regulations were amended to include a formula for adjusting the minimum wage, the Committee's review has consisted of monitoring economic conditions in Nova Scotia and applying the formula. This year, the Committee has also considered whether the Government should introduce a lower minimum wage for employees who earn tips (i.e., a tip differential).

Profile of Minimum Wage Earners

According to Statistics Canada, in 2013, an estimated 23,100 employees earned minimum wage in Nova Scotia, which is 5.9 percent of wage earning workers. Minimum wage earners work throughout the province. They work primarily in retail trade, followed by food and accommodation industries. Most are under the age of 25. Most work part time and go to school full time. Many are sons and daughters living at home. Almost two thirds of minimum wage earners in the province are women. Very few minimum wage workers are unionized.

Minimum Wage Rates (General) Across Canada

Province/Territory	As of January 1, 2016
Alberta	\$11.20
British Columbia	\$10.45
Manitoba	\$11.00
New Brunswick	\$10.30
Newfoundland and Labrador	\$10.50
Northwest Territories	\$12.50
Nova Scotia	\$10.60
Nunavut	\$11.00
Ontario	\$11.25
Prince Edward Island	\$10.50
Québec	\$10.55
Saskatchewan	\$10.50
Yukon	\$10.86

Note: Prince Edward Island's minimum wage is scheduled to increase to \$10.75 on June 1, 2016 and to \$11.00 on October 1, 2016.

Differential Minimum Wage Rates

Inexperienced Minimum Wage Rate

Nova Scotia is similar to other provinces in that it maintains a differential minimum wage system. In Nova Scotia’s case this is through an “inexperienced” minimum wage rate. The Nova Scotia *Minimum Wage Order (General)* sets the inexperienced minimum wage rate at \$0.50 less than the general minimum wage rate. The inexperienced minimum wage is currently \$10.10 per hour. Employers can pay an employee the inexperienced rate only if the employee has worked for the employer for less than three months and the employee has less than three months total experience with the kind of work the employee is employed to do.

Tip Differential

Some jurisdictions have a differential minimum wage rate for employees who earn tips, such as employees who work in a restaurant serving liquor. In those jurisdictions, employees who earn tips are entitled to a lower minimum wage than employees who do not earn tips (see chart below).

Tip Differential Chart

Province/Territory	Minimum Wage General	Minimum Wage Tip Earners	Difference in Rate
Alberta	\$11.20	\$10.70 (liquor servers)	\$0.50
British Columbia	\$10.45	\$ 9.20 (liquor servers)	\$1.25
Ontario	\$11.25	\$ 9.80 (liquor servers)	\$1.45
Québec	\$10.55	\$ 9.05 (tip earners)	\$1.50

Note: The Government of Alberta reduced its lower minimum wage rate for liquor servers from a difference of \$1.00 to a difference of \$0.50 on October 1, 2015.

The Minimum Wage Review Committee reviewed the tip differential issue in 2009 and could not reach agreement on the issue. The Committee chose to review the issue again in 2014 and carried its review over into this year. To assist with its review, the Committee considered available data/information concerning:

- The profile (gender, age, education, family status) of tip earners in Nova Scotia.
- The impact of a tip differential in rural and urban Nova Scotia.
- The impact of a tip differential on “front of house” (e.g., hosts, servers) and “back of house” (e.g., cooks, dishwashers) restaurant staff.
- Restaurant operating costs across Canada.
- The regulation of tips in other jurisdictions across Canada.
- Compliance issues associated with tip differential legislation.

After reviewing the available information, through a consensus decision-making approach, the Committee has decided not to recommend that Government adopt a tip differential.

Adjusting the Minimum Wage Rate by the Consumer Price Index (CPI)

Minimum wage is currently \$10.60 per hour. Following the formula set out in the minimum wage regulations it is to be adjusted for 2016 by the percentage change in the national CPI for the 2015 calendar year. As noted in the chart below, CPI for the 2015 calendar year is projected to increase 1.1% from the previous year. Multiplying the current minimum wage by 1.1% and rounding it to the nearest \$0.05, in accordance with the formula set out in the minimum wage regulations, results in an increase of \$0.10 to the minimum wage.

National Consumer Price Index (CPI)

Rate of Inflation, Percent Change, Year over Year, Consumer Price Index, All-Items, Canada	
Year	CPI INFLATION (National)
2015 (projected)	1.1%
2014	2.0%
2013	0.9%
2012	1.5%
2011	2.9%

Note: Projected CPI is used because at the time of issuing this report the Committee has access to 11 calendar months of CPI data (January to November) rather than 12 calendar months of data (January to December).

Recommendations

1. Applying the formula set out in the minimum wage regulations, we recommend the experienced minimum wage rate increase to \$10.70 per hour and the inexperienced rate increase to \$10.20 per hour, to take effect April 1, 2016.
2. We recommend that the Government not adopt a lower minimum wage rate for employees who earn tips.