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The Nova Scotia
Minimum Wage
Review Committee
Report



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Department of Labour and Advanced Education

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The Honourable Lena Metlege Diab, QC
Minister of Labour and Advanced Education
1505 Barrington Street
Halifax, NS B3J 2T8

Dear Minister Metlege Diab:

The Minimum Wage Review Committee is pleased to advise that we have concluded our annual review of the minimum wage. In addition to recommending an increase to the minimum wage rate based on the formula set out in the minimum wage regulations, the Committee is recommending that a further review of the current rate and approach to setting the minimum wage be conducted and that other options to setting the minimum wage be explored.

Please find our report attached, which includes the recommended adjustment to the minimum wage rate, the data used to calculate the adjustment, and the rationale for a review of the current approach for setting the minimum wage.

We wish to acknowledge, with thanks, staff at the Nova Scotia Department of Labour and Advanced Education 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 conducted a review of the approach to setting the minimum wage rate and recommended that the approach used from 2011 to 2018 be changed. As a result of its review, the Committee recommended that minimum wage increase by approximately \$0.55 each year (\$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 from the Minimum Wage Review Committee's November 2018 report 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. In accordance with the formula, 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 an increase to minimum wage 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 announced on January 30, 2020 that minimum wage would increase by \$1.00 on April 1, 2020, from \$11.55 to \$12.55. This increase in the minimum wage was \$0.45 greater than what was recommended in the Minimum Wage Review Committee's December 2019 report. In addition, government announced that the inexperienced minimum wage rate would be eliminated, as recommended by the Committee. Government further announced that the partial hour rule in the general minimum wage regulations, which required employers to round up time worked by minimum wage earners, would be eliminated. In the announcement, government noted that businesses had been advocating for the removal of the partial hour rule to lessen the costs and administrative burden associated with the provision and reduce the overall regulatory burden on businesses. The announced changes all came into effect on April 1, 2020.

Profile of Minimum Wage Earners

An average of 8.5% of workers or 39,620 Nova Scotians worked for minimum wage during the period from January 2019 to June 2019, up from 7.1% or 7,300 workers from the year prior. Minimum wage earners work throughout the Province. They work primarily in retail trade (48%), followed by food and accommodation industries (25%). 62% percent of minimum wage earners are female, 56% are under the age of 25 and 58% work part-time.

Minimum Wage Rate (General) across Canada

Jurisdiction	Rate	Effective Date
*British Columbia	\$14.60	Jun 1, 2020
Alberta	\$15.00	Oct 1, 2018
Saskatchewan	\$11.45	Oct 1, 2020
Manitoba	\$11.90	Oct 1, 2020
Ontario	\$14.25	Oct 1, 2020
Quebec	\$13.10	May 1, 2020
New Brunswick	\$11.70	Apr 1, 2020
Nova Scotia	\$12.55	Apr 1, 2020
*Prince Edward Island	\$12.85	Apr 1, 2020
*Newfoundland and Labrador	\$12.15	Oct 1, 2020
Yukon	\$13.71	Apr 1, 2020
Northwest Territories	\$13.46	Apr 1, 2018
Nunavut	\$16.00	Apr 1, 2020

Note: BC's minimum wage rate is scheduled to increase to \$15.20 on June 1, 2021. PEI's minimum wage rate is scheduled to increase to \$13.00 on April 1, 2021. NL's minimum wage rate is scheduled to increase by National CPI plus \$0.25 on April 1, 2021 and by another \$0.25 on October 1, 2021.

Impact of COVID-19

The COVID-19 pandemic continues to impact the province and the data required to wholly assess the impact of the pandemic on minimum wage earners and their employers will not be available for some time. The data that is available shows significant changes between February 2020 and November 2020. Data from that period indicates that while overall employment has almost recovered from April lows, employment of students is still down 6,500 jobs, employment of females is down 400 jobs, employment of those under the age of 25 is down 5,300 jobs, and employment of those with lower education levels is 2,300 jobs lower than February of 2020. From February 2020 to November 2020, the retail trade and food and accommodation industries were the two hardest hit industries in terms of job losses. While employment levels in all industries are starting to recover, the retail trade and the food and accommodation industries continue to lag with a net 7,100 and 5,000 job losses, respectively.

Formula for Adjusting the Minimum Wage

The formula set out in the current minimum wage regulations provides that effective April 1, 2021, the minimum wage is to be adjusted by increasing the rate by \$0.30, applying to this increased rate the percentage change in the projected annual CPI for the 2020 calendar year and rounding the amount to the nearest \$0.05.

CPI for the 2020 calendar year is projected to increase by 0.68% from the previous calendar year. Following the formula set out in the regulations, minimum wage is to be adjusted on April 1, 2021 as outlined below.

- \$12.55 (current rate) + \$0.30 adjustment = \$12.85
- \$12.85 increased by 0.68% (projected CPI) = \$12.94
- \$12.94 rounded to the nearest \$0.05 = \$12.95

This amounts to an increase in the minimum wage rate of \$0.40.

Committee Discussion Regarding the Minimum Wage Adjustment

Given the disparities between workers highlighted by the COVID-19 pandemic, as well as Nova Scotia's minimum wage rate relative to those of other Canadian jurisdictions, members of the Committee expressed an interest in exploring a different formula for adjusting the minimum wage rate.

During the Committee's discussions, concerns were expressed regarding the demographics of minimum wage workers, and it was suggested that a diversity and inclusion lens be applied when setting government policy in relation to the minimum wage. As well, concerns were expressed that Nova Scotia's minimum wage should be closer to the middle of the pack nationwide, and a leader in the Atlantic provinces, to best attract workers.

Employer representatives on the Committee expressed concern that the ultimate impact of the pandemic on small business is still unknown and that any increases in the minimum wage rate should be predictable so that employers can structure their practices to best absorb the increase in the cost of labour. Employer representatives expressed support for adjusting the minimum wage in accordance with the formula set out in the minimum wage regulations, which would result in an adjustment of \$0.40, increasing the minimum wage rate to \$12.95 effective April 1, 2021.

Employee representatives on the Committee had expected a greater minimum wage increase in 2021 as when the Committee recommended in November 2018 that minimum wage increase by \$0.30 plus projected inflation for each of the next three years, it was thought that minimum wage would increase by about \$0.55 in 2021. Employee representatives felt that government should increase the rate to at least \$13.00 an hour, which would put Nova Scotia's minimum wage on par with that of Prince Edward Island.

Despite its best efforts to achieve agreement, the Committee was split on whether the minimum wage should be set at \$12.95 on April 1, 2021 or whether it should be higher. For the sake of a majority recommendation, employee representatives decided they would not oppose the current formula for adjusting the minimum wage, which would increase the minimum wage rate to \$12.95.

Recommendations of the Committee

Recommendation #1

Given the issues and concerns outlined above, the Committee recommends that a further review of the current rate and approach to setting the minimum wage be conducted and that other options to setting the minimum wage be explored.

Recommendation #2

The Committee recommends that the formula currently set out in the minimum wage regulations be applied, which would result in the minimum wage being increased by \$0.40 (\$0.30 adjustment + \$0.10 projected CPI) to \$12.95 on April 1, 2021.