

December
2024

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



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The Nova Scotia Minimum Wage Review Committee Report December 2024
Department of Labour, Skills and Immigration
December 2024

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

Dear Minister Young:

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 comprised of two employee representatives and two employer representatives. After the initial meeting of the Committee, one of the employee representatives, Danny Cavanagh, was unable to continue participating in this year's annual review. As a result, the report primarily reflects the discussion among the remaining three Committee members.

Both employer representatives are recommending Government adjust the minimum wage in accordance with the formula set out in the minimum wage regulations, which would result in the minimum wage increasing from \$15.20 to \$15.70 on April 1, 2025.

The remaining employee representative is recommending a larger ad-hoc increase to the minimum wage, applying the formula set out in the minimum wage regulations to reach the prescribed minimum wage as of April 1, 2025, and making a second, ad-hoc, increase on October 1, 2025.

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 the Minimum Wage Review Committee.

Committee members

Julie Marks, Employer Representative
Bob Smith, Employer Representative
Alfred Burgesson, Employee Representative
Danny Cavanagh, Employee 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.

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.

Minimum wage reached \$15.00 per hour on October 1, 2023. In its December 2023 report, the Committee recommended that the rate 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 on April 2023 (\$14.50). This recommendation – in effect – was to apply the formula initially recommended in the December 2021 report. A majority of the Committee noted the importance of keeping minimum wage adjustments predictable so employers can plan for the increases. Government accepted the Committee's recommendation and on April 1, 2024, the minimum wage increased from \$15.00 to \$15.20.

Profile of Minimum Wage Earners

An average of 7.3% of workers, or 33,700 Nova Scotians, worked for minimum wage during the period from April 2024 to October 2024. During this period minimum wage was \$15.20 per hour. An additional 14,060 Nova Scotians earned between \$15.21 and \$16.00 per hour.

Minimum wage earners work primarily in retail trade and the food and accommodation industries. 57% of minimum wage earners are female, 63% are non-students, 39% have post-secondary education, 38% are over the age of 30, and 72% are in a permanent job with 41% being full time. 31.5 % of minimum wage earners are non-students that are the only wage earner in their family.

Minimum Wage Rates Across Canada

Jurisdiction	Rate	Effective Date
FED	\$17.30	Apr 1, 2024
BC	\$17.40	Jun 1, 2024
AB	\$15.00	Oct 1, 2018
SK	\$15.00	Oct 1, 2024
MB	\$15.80	Oct 1, 2024
ON	\$17.20	Oct 1, 2024
QC	\$15.75	May 1, 2024
NB	\$15.30	Apr 1, 2024
NS	\$15.20	Apr 1, 2024
PEI	\$16.00	Oct 1, 2024
NL	\$15.60	Apr 1, 2024
YK	\$17.59	Apr 1, 2024
NWT	\$16.70	Sep 1, 2024
NU	\$19.00	Jan 1, 2024

Five of the fourteen jurisdictions in Canada tie increases to their minimum wage to CPI, while seven of them use ad-hoc approaches. The Northwest Territories is unique in tying its minimum wage to a formula based on both the percentage change in CPI and the percentage change in the average hourly wage and Nova Scotia is the only jurisdiction whose minimum wage is legislated to increase by CPI plus an additional 1%.

Committee Discussion

As noted in the Committee's December 2021 report – and reiterated in the Committee's subsequent reports of December 2022 and 2023 – 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.

During this year's review, concern was expressed that the current formula for setting the minimum wage is insufficient to help those most affected by the current affordability crisis facing Nova Scotians. While this was acknowledged, Committee members also commented that an increase to the minimum wage alone would not be an appropriate solution, particularly when one considers that higher wages contribute to inflation.

Committee members once again emphasized the need to provide business with a consistent and predictable approach to setting the minimum wage so that employers can appropriately plan for the wage increases. Committee members acknowledged that thoughtful consideration went into the approach recommended by the Committee in 2021 and some members noted that, as April 1, 2024 was the first time the formula was implemented, there has not been an opportunity to assess the impact of the formula on employees and employers.

Both employer representatives felt it was not appropriate at this time to deviate from the formula set out in the minimum wage regulations. It was noted that increases in the minimum wage create a ripple effect across the entire wage structure within a business, especially when employers feel compelled to adjust wages of higher skilled workers who are already earning above the minimum, which if not done would lead to wage compression. The fact that increases to the minimum wage also result in corresponding increases to Employment Insurance and Canada Pension Plan contributions for employers and employees alike, as well as increases to employer contributions to Workers Compensation and any group benefit plans, was also noted as a concern. A larger increase to the minimum wage would exacerbate these effects. Significantly increasing the basic personal tax exemption amount was noted as a measure that could benefit employees by increasing disposable income while not having the consequences of increased source deductions to employees, or higher labour costs to employers.

The employee representative of the Committee expressed concern that the CPI-based formula for adjusting Nova Scotia's minimum wage fails to address rising living costs – particularly for essentials like housing, food, and transportation – and does not close the gap between the minimum and living wage. To provide immediate relief and promote equitable economic participation, the employee representative felt that government should increase the minimum wage to \$15.70 on April 1, 2025 in accordance with the formula currently set out in the regulations, and make an additional, ad hoc, increase on October 1, 2025. The employee representative felt that such an approach would address affordability challenges and move the province closer to aligning the minimum wage with the living wage.

Committee members agreed that if Government were to choose to make a larger ad-hoc increase instead of applying the formula set out in the minimum wage regulations, the increase should be made in a gradual fashion. Further, an approach that would help make the increase as consistent and predictable as possible for employers would be to increase the rate to \$15.70 on April 1, 2025 in accordance with the existing formula, and then proceed with a further increase on October 1, 2025, if a larger ad-hoc increase was ultimately what Government chose to do.

The Committee noted that in the face of larger ad-hoc increases, Government could consider initiatives to help employers adjust to the increasing minimum wage. As an example of such an initiative, the Committee pointed to the Newfoundland and Labrador Transitional Support Program for Smaller Employers that provided funding to eligible businesses and organizations from October 1, 2022 to September 30, 2023 to help offset the cost of increases to the minimum wage rate.

Larger increases in the minimum wage tend to result in increased unemployment for students and younger workers. The Committee noted a training wage set slightly below the general minimum wage was something that could benefit both inexperienced workers and employers. While in agreement, the employee representative expressed concern about the number of Nova Scotians with a post-secondary education earning minimum wage (approximately 39%). The employee representative felt this statistic underscores a critical gap in the labor market: too many skilled graduates are unable to secure living-wage employment. The employee representative expressed support for expanding programs like "Graduate to Opportunity" to incentivize employers to hire recent graduates at living wages noting that such initiatives would help retain talent in Nova Scotia, support businesses in accessing skilled workers, and reduce underemployment among Nova Scotia's educated workforce.

Current Formula for Adjusting the Minimum Wage Rate

Minimum wage is currently \$15.20 per hour. Following the formula currently set out in the minimum wage regulations, the minimum wage rate is to be adjusted for 2025 by the percentage change in the national CPI for the 2024 calendar year, plus an additional 1%. CPI for the 2024 calendar year is projected to increase by 2.4% from the previous year. Multiplying the minimum wage rate by 3.4% and rounding to the nearest \$0.05 in accordance with the formula results in an increase of \$0.50 to the minimum wage rate, and a minimum wage of \$15.70 per hour.

Recommendation of the Employer Representatives of the Committee

(Bob Smith, Julie Marks)

Applying the formula set out in the minimum wage regulations, it is recommended that the minimum wage rate increase to \$15.70 per hour, to take effect April 1, 2025.

Recommendation of the Employee Representative of the Committee

(Alfred Burgesson)

It is recommended that there be a larger ad-hoc increase to minimum wage, beyond the increase projected by the formula set out in the minimum wage regulations. This increase should be made by applying the formula set out in the minimum wage regulations to reach the prescribed minimum wage as of April 1, 2025, and making a second increase on October 1, 2025.