Honourable Labi Kousoulis  
Minister of Labour and Advanced Education  
1505 Barrington Street  
Halifax, NS B3J 2T8

Dear Minister Kousoulis:

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 continue to adjust the minimum wage in accordance with the formula set out in the minimum wage regulations. The Committee is also recommending that the inexperienced minimum wage rate be eliminated.

You will note that our report also includes a dissenting recommendation from a member of the Committee to maintain the inexperienced minimum wage rate.

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:

Collette Robert, Employee Representative
Danny Cavanagh, Employee Representative
Andrew Rash, Employer Representative

Joe MacDonald, 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.

Beginning in 2011 the base minimum wage rate was set at Statistics 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 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 the minimum wage annually based on projected percentage changes in the annual national inflation rate (Consumer Price Index or CPI). The base LICO line used in 2011 was based on a full-time employee earning minimum wage and working 2000 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 1850 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.

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 1850 hours per year.

This is the first Minimum Wage Review Committee report since the recommendations from the Committee’s November 2018 report were implemented.
Profile of Minimum Wage Earners

According to Statistics Canada, in 2018, 7.2% of employees in Nova Scotia earned minimum wage. 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 and most work part-time.

Minimum Wage Rate (General) across Canada

<table>
<thead>
<tr>
<th>Jurisdiction</th>
<th>Rate</th>
<th>Inexperienced / Student Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Alberta</td>
<td>$15.00</td>
<td>$13.00 (students under 18)</td>
</tr>
<tr>
<td>Ontario</td>
<td>$14.00</td>
<td>$13.15 (students under 18)</td>
</tr>
<tr>
<td>British Columbia</td>
<td>$13.85</td>
<td>N/A</td>
</tr>
<tr>
<td>Northwest Territories</td>
<td>$13.46</td>
<td>N/A</td>
</tr>
<tr>
<td>Nunavut</td>
<td>$13.00</td>
<td>N/A</td>
</tr>
<tr>
<td>Yukon</td>
<td>$12.71</td>
<td>N/A</td>
</tr>
<tr>
<td>Quebec</td>
<td>$12.50</td>
<td>N/A</td>
</tr>
<tr>
<td>Prince Edward Island</td>
<td>$12.25</td>
<td>N/A</td>
</tr>
<tr>
<td>Manitoba</td>
<td>$11.65</td>
<td>N/A</td>
</tr>
<tr>
<td>Nova Scotia</td>
<td>$11.55</td>
<td>$11.05 (inexperienced)</td>
</tr>
<tr>
<td>New Brunswick</td>
<td>$11.50</td>
<td>N/A</td>
</tr>
<tr>
<td>Newfoundland and Labrador</td>
<td>$11.40</td>
<td>N/A</td>
</tr>
<tr>
<td>Saskatchewan</td>
<td>$11.32</td>
<td>N/A</td>
</tr>
</tbody>
</table>

Note: Rates are as of November 2019. British Columbia’s minimum wage rate is scheduled to increase to $14.60 on June 1, 2020, and to $15.20 on June 1, 2021. Prince Edward Island’s minimum wage rate is scheduled to increase to $12.85 on April 1, 2020. Newfoundland and Labrador, Manitoba, New Brunswick, Saskatchewan and Yukon all have mechanisms for adjusting the minimum wage rate that are tied to the national or local CPI.

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 rate is currently $11.05 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.

Nova Scotia is the only jurisdiction in Canada with an inexperienced minimum wage rate. There is no data available on the number of employees in Nova Scotia earning the inexperienced rate. The Labour Standards Division of the Nova Scotia Department of Labour and Advanced Education is responsible for administering the provisions of the Labour Standards Code through the investigation of complaints as well as proactive audits of employers’ pay records. The Labour Standards Division informs the Committee that it is
The Nova Scotia Minimum Wage Review Committee Report December 2019

rare for the Division to find, through its investigation and audit activities, that employers are paying the inexperienced minimum wage rate.

The Committee considered the possible policy reasons behind the establishment of the inexperienced rate – including to potentially encourage employers to hire young workers. Members raised concerns about the potential misuse of the inexperienced rate. The majority felt it provided little to no benefit to employers and could create confusion resulting in inadvertent violations of the regulations.

Recommendations of the Committee

Recommendation #1
(Collette Robert, Danny Cavanagh, Joe MacDonald, Andrew Rash)
The Committee recommends that Government continue to adjust the minimum wage in accordance with the formula set out in the minimum wage regulations – which is outlined on page 2 of this report – using CPI data from January to November 2019.

Recommendation #2
(Collette Robert, Danny Cavanagh, Joe MacDonald)
The Committee recommends that the inexperienced minimum wage rate be eliminated.

Dissenting Recommendation
(Andrew Rash)
The inexperienced minimum wage rate should not be eliminated and should continue to be set at $0.50 less than the experienced minimum wage rate.