



**New Brunswick
Minimum Wage Report
May 2020**



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About This Document

The New Brunswick Minimum Wage Report provides basic information about changes to the provincial minimum wage, minimum wage earners, the cost of living and economic conditions in the province, as well as comparisons with other Canadian provinces and territories.

Minimum Wage in New Brunswick

Recent History of Minimum Wage in New Brunswick

Starting in 2019, the amount of New Brunswick's minimum wage is adjusted on April 1 of each year by the percentage change in the Consumer Price Index for New Brunswick.

As of April 1, 2020, New Brunswick's minimum wage was \$11.70 per hour. Since the beginning of 2010, when minimum wage was \$8.25 per hour, it has undergone ten changes and increased by \$3.45 per hour.

Changes to Minimum Wage in New Brunswick Since 2010

| Date of Change | Minimum Hourly Wage Rate |
|-------------------|--------------------------|
| April 1, 2010 | \$ 8.50 |
| September 1, 2010 | \$ 9.00 |
| April 1, 2011 | \$ 9.50 |
| April 1, 2012 | \$ 10.00 |
| December 31, 2014 | \$ 10.30 |
| April 1, 2016 | \$ 10.65 |
| April 1, 2017 | \$ 11.00 |
| April 1, 2018 | \$ 11.25 |
| April 1, 2019 | \$11.50 |
| April 1, 2020 | \$11.70 |

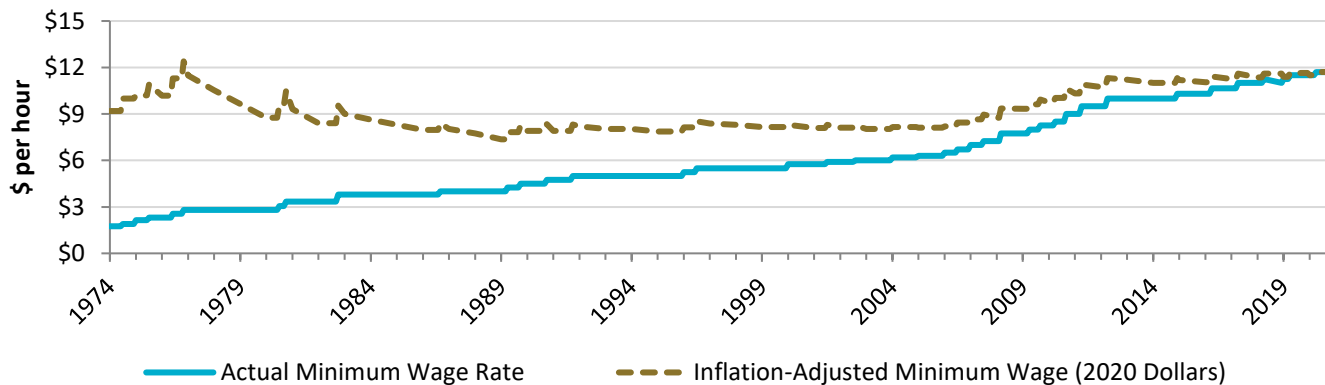
Source: ESDC Minimum Wage Database

The Actual Minimum Wage and the Inflation-Adjusted Minimum Wage

The purchasing power¹ of New Brunswick's minimum wage peaked in late 1976 (see graph on next page). Adjusted for inflation, the minimum wage at the time of \$2.80 per hour would be worth approximately \$12.40 per hour today. Thereafter, the purchasing power of minimum wage decreased sharply. By 1989, minimum wage had reached only \$4.00 per hour, which is equivalent to about \$7.36 per hour today. Over the next seventeen years, the purchasing power of minimum wage earners remained relatively low, with the inflation-adjusted minimum wage hovering around \$8.00 per hour. Between 2006 and 2012, the minimum wage was increased at a faster pace than inflation, with the inflation-adjusted rate rising to \$11.31 per hour by 2012. Since 2012, increases have generally kept pace with inflation, resulting in stable purchasing power for minimum wage earners.

¹ 'Purchasing power' refers to the value of money as determined by the quantity of goods and services that a person can afford to buy with it.

Actual Minimum Wage Compared to the Inflation-Adjusted Minimum Wage – New Brunswick



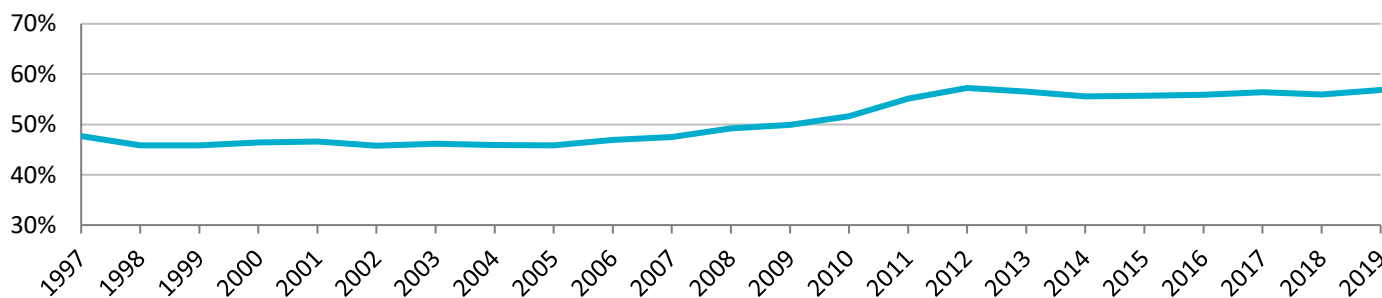
Sources: ESDC Minimum Wage Database and Statistics Canada, Table 18-10-0005-01 (and 2020 Forecasted CPI growth from the major Canadian banks)

The Minimum Wage as a Proportion of Provincial Median Wage

Median wage is the midpoint hourly wage, where half of New Brunswick employees earn more and half earn less. The minimum wage expressed as a proportion of median wage is a measure used to understand how the minimum wage relates to all wages in the economy.

In 2019, New Brunswick's minimum wage (\$11.25 for three months, \$11.50 for nine months) was the fourth highest in Canada relative to its median wage (57%), behind Prince Edward Island, Ontario and Nova Scotia. This was largely because New Brunswick's wages are among the lowest in Canada. In 2019, New Brunswick had the third lowest median hourly wage among the provinces, at \$20.12 per hour. As shown in the graph below, after a series of relatively large increases between 2007 and 2012, the minimum wage as a proportion of the provincial median wage has remained fairly consistent, hovering around 56%.

Minimum Wage as a Proportion of Median Wage – New Brunswick



Sources: ESDC Minimum Wage Database and Statistics Canada, Table 14-10-0063-01

In 2019, the minimum wage as a proportion of median wage was relatively high for three groups of New Brunswickers because many of them were likely earning a wage that was close or equal to the minimum wage:

- 85% for youth aged 15-24;
- 59% for women (compared to 55% for men); and
- 88% for part-time employees compared to 53% for full-time employees.

Minimum Wage Earners in New Brunswick

2019 Profile

In 2019, there were 20,300 minimum wage earners in New Brunswick, down from 22,500 in 2018. This represented 6% of all employees in the province (7% in 2018). Youth aged 15 to 24 were most likely to be earning minimum wage. Nearly one-fourth (24%) of New Brunswick youth earned the minimum wage compared to 31% nationally. By contrast, only 3% of core working-age employees (aged 25 to 54) and 5% of employees 55 years or older earned minimum wage.

The most prevalent groups of minimum wage earners in the province are teenagers or young adults, women, part-time employees, permanent employees, non-unionized employees and those who had a high school diploma or less:

- 41% were between the ages of 15 and 19.
- 56% were female.
- 59% worked part-time.
- 96% were not covered by a union or collective agreement.
- 72% were permanently employed.
- 51% had 12 months or more of job tenure.
- 73% had a high school diploma or less.
- 73% worked in sales or service occupations.
- 66% worked in either the retail trade or accommodation and food service industries.

Most minimum wage earners live with others, with about a quarter attending school. Of New Brunswick's 20,300 minimum wage earners:

- 54% (11,000) lived with parents or other relatives. Nearly half of this group was enrolled in school;
- 31% (6,200) lived with a spouse or common-law partner;
- 4% (900) lived with a child or children with no spouse or common-law partner present;
- 5% (1,000) lived with non-relatives; and
- The remaining 5% (1,100) lived alone.

Of the 6,200 minimum wage earners who lived with a spouse or common-law partner:

- 10% (600) had a spouse or partner who was also a minimum wage earner;
- 44% (2,700) had a spouse or partner who was earning more than minimum wage;
- 11% (700) had a spouse or partner who was self-employed²; and
- The remaining 32% (2,000) had a spouse or partner who was not employed.

Minimum wage earners are more likely to work part-time than people who earn above the minimum wage. In 2019:

- 59% of minimum wage earners worked part-time, compared to only 11% of those who earned a higher wage;
- Minimum wage earners worked an average of 26 hours per week at their main jobs), while those who earned above minimum wage worked an average of 38 hours per week at their main jobs.

² Wage data was not available for self-employed individuals

Ten Year Trends (2010 to 2019)

Over the past ten years, the proportion of minimum wage earners with the following characteristics increased:

- Older workers (ages 55+);
- Males;
- Part-time employees;
- Employees with job tenure of over five years; and
- Employees with a post-secondary education credential.

Over the same period, the proportion of minimum wage earners with the following characteristics decreased:

- Teenagers;
- Females;
- Full-time employees;
- Employees with less than one year of job tenure; and
- Employees with less than a high school diploma.

Most of these changes were the result of several factors. For example, in the case of the significant increase to the percentage of minimum wage earners who were aged 55 years or older, this was the result of three separate trends: population aging (i.e. the population aged 55 years or older grew significantly); an increase in labour force participation among older New Brunswickers; and thirdly, an increase to the percentage of older workers earning minimum wage.

Changes in the Distribution of Subgroups of Minimum Wage Earners – New Brunswick – 2010 to 2019

| Subgroups | Percentage of Minimum Wage Earners in 2010 | Percentage of Minimum Wage Earners in 2019 | Difference |
|------------------------------------|--|--|--------------|
| Age Groups | | | |
| Age 15 to 19 | 36.2% | 40.6% | +4.4 (% pts) |
| Age 20 to 24 | 20.8% | 14.4% | -6.4 (% pts) |
| Age 25 to 54 | 30.4% | 26.7% | -3.7 (% pts) |
| Age 55+ | 12.6% | 18.3% | +5.8 (% pts) |
| Gender | | | |
| Male | 37.2% | 44.1% | +6.9 (% pts) |
| Female | 62.8% | 55.9% | -6.9 (% pts) |
| Employment Type | | | |
| Full-time | 46.9% | 40.9% | -6.0 (% pts) |
| Part-time | 53.1% | 59.1% | +6.0 (% pts) |
| Job Permanency | | | |
| Permanent | 68.6% | 72.4% | +3.8 (% pts) |
| Temporary | 31.4% | 27.6% | -3.8 (% pts) |
| Union Coverage³ | | | |
| Union Coverage | 4.8% | 4.4% | -0.4 (% pts) |
| No Union Coverage | 95.2% | 95.6% | +0.4 (% pts) |
| Job Tenure | | | |
| Less than 1 Year | 50.7% | 48.8% | -2.0 (% pts) |
| 1 to 5 Years | 35.3% | 36.0% | +0.7 (% pts) |
| Over 5 Years | 14.0% | 15.3% | +1.3 (% pts) |
| Education Level⁴ | | | |
| Less than High School | 35.7% | 33.2% | -2.6 (% pts) |
| High School Diploma | 40.1% | 40.1% | +0.0 (% pts) |
| Post-Secondary Credential | 24.2% | 26.7% | +2.6 (% pts) |
| Occupation | | | |
| Sales & Service Workers | 71.5% | 72.9% | +1.4 (% pts) |
| All Other Occupations | 28.5% | 27.1% | -1.4 (% pts) |
| Industry | | | |
| Retail Trade | 36.2% | 38.4% | +2.2 (% pts) |
| Accommodation and Food Services | 25.1% | 27.6% | +2.5 (% pts) |
| All Other Industries | 38.6% | 34.0% | -4.7 (% pts) |

Source: Statistics Canada, Labour Force Survey, Special Data Purchase

³ 'Union Coverage' refers to both a) those who are union members and b) those who are not union members but that are covered by a collective agreement.

⁴ Based on highest level of education completed.

Canadian Comparisons

Minimum Wage Rates in Canada

As of April 1, 2020, New Brunswick's minimum wage was the fourth lowest (tenth highest) among Canadian provinces and territories. As of October 1, 2020, the province's minimum wage will be the second lowest (twelfth highest).

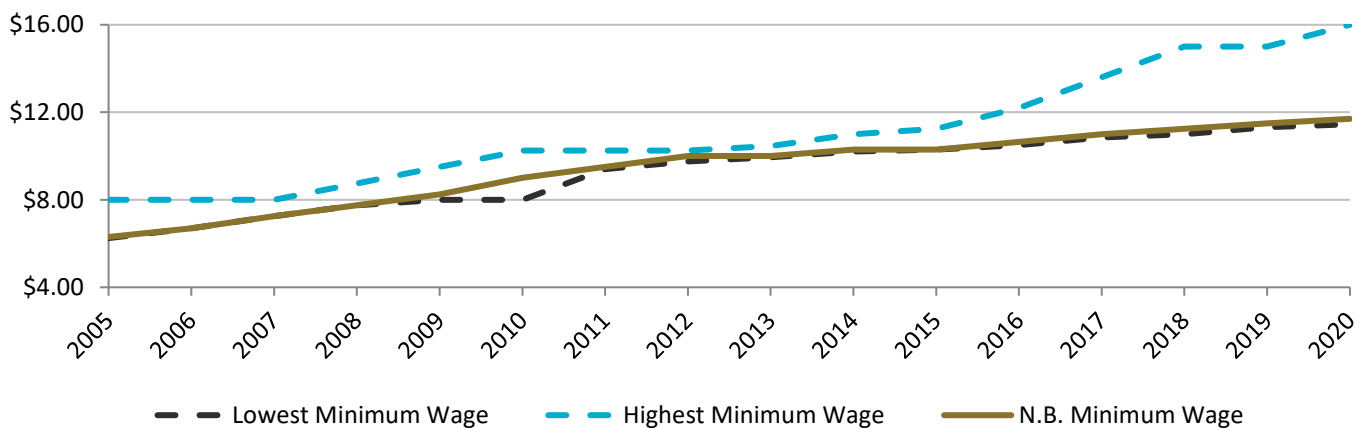
Minimum Wage by Province/Territory – 2020

| Jurisdiction | Minimum Wage as of April 1, 2020 | Minimum Wage as of October 1, 2020 |
|---------------------------|----------------------------------|------------------------------------|
| Nunavut | \$16.00 | \$16.00 |
| Alberta | \$15.00 | \$15.00 |
| Ontario | \$14.00 | \$14.25* |
| British Columbia | \$13.85 | \$14.60 |
| Yukon | \$13.71 | \$13.71 |
| Northwest Territories | \$13.46 | \$13.46 |
| Prince Edward Island | \$12.85 | \$12.85 |
| Nova Scotia | \$12.55 | \$12.55 |
| Quebec | \$12.50 | \$13.10 |
| New Brunswick | \$11.70 | \$11.70 |
| Manitoba | \$11.65 | \$11.90* |
| Newfoundland and Labrador | \$11.65 | \$12.15 |
| Saskatchewan | \$11.32 | \$11.45* |

Source: ESDC Minimum Wage Database and author's calculations

* = projected

New Brunswick Minimum Wage Compared to Highest and Lowest Minimum Wages of the Provinces (Annual, Year-End)

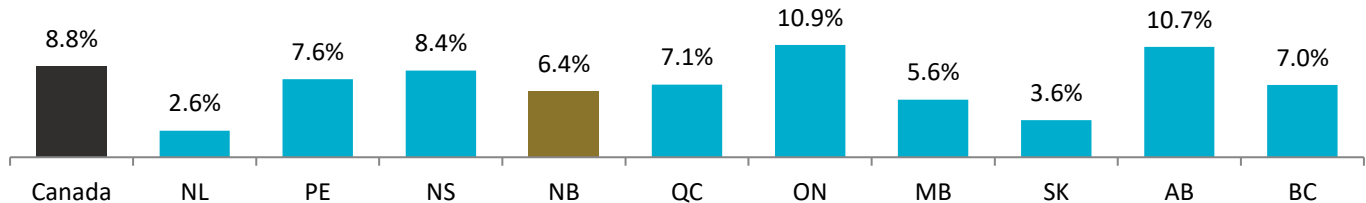


Source: ESDC Minimum Wage Database

Percentage of Employees Earning Minimum Wage

The percentage of employees earning minimum wage in New Brunswick is in line with most other provinces. In 2019, between 5.5% and 8.5% of employees in six of the ten provinces earned minimum wage. The four exceptions were Ontario (10.9%) and Alberta (10.7%) at one end, and Newfoundland and Labrador (2.6%) and Saskatchewan (3.6%) on the other.

Percentage of Employees Earning Minimum Wage – 2019



Source: Statistics Canada, Labour Force Survey, Special Data Purchase

Differences in the percentage of employees earning minimum wage are primarily driven by two factors:

- What the actual minimum wage is. Having a higher minimum wage will typically result in a greater percentage of employees earning minimum wage.
- How quickly it has been raised. While large and sudden increases to minimum wage will typically result in large spikes to this percentage. For example, when Ontario increased their minimum wage rate from \$11.60 to \$14.00 between 2017 and 2018, the percentage of employees earning minimum wage more than doubled, from 7.4% in 2017 to 15.1% in 2018. A similar situation arose in New Brunswick between 2009 and 2012, in which a series of six increases to minimum wage contributed to the percentage of employees earning minimum wage increasing from 5.4% to 9.7%. As minimum wage increases became smaller and less frequent in the years that followed, this percentage decreased noticeably. Since 2014, the percentage of employees earning minimum wage in the province has remained relatively stable (coinciding with small regular inflationary increases to the minimum wage rate).

Percentage of Employees Earning Minimum Wage for Selected Province – 2009 to 2019

| Geography | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 |
|-----------------|------|-------|-------|------|------|-------|-------|------|------|-------|-------|
| Canada | 5.9% | 7.1% | 7.1% | 7.2% | 6.9% | 7.2% | 7.1% | 6.9% | 6.5% | 10.4% | 8.8% |
| Atlantic Canada | 6.8% | 7.8% | 8.3% | 9.0% | 6.8% | 6.0% | 6.5% | 6.6% | 7.2% | 7.1% | 6.5% |
| New Brunswick | 5.4% | 6.6% | 7.7% | 9.7% | 8.0% | 6.7% | 6.0% | 6.6% | 7.2% | 7.2% | 6.4% |
| Ontario | 8.3% | 10.8% | 10.6% | 9.6% | 9.3% | 10.9% | 10.6% | 9.2% | 7.4% | 15.1% | 10.9% |
| Alberta | 1.4% | 1.3% | 1.6% | 1.9% | 1.8% | 1.9% | 2.7% | 4.5% | 6.2% | 8.3% | 10.7% |

Source: Statistics Canada, Labour Force Survey, Special Data Purchase

Cost of Living

The Consumer Price Index (CPI) is a measure of inflation from the perspective of a typical Canadian consumer. It is calculated by averaging the changes in the price of a fixed basket of consumer goods and services, each of which is weighted according to consumer spending patterns. Basket weights are updated every two years based on Statistics Canada's Survey of Household Spending.

Between 2018 and 2019, the price of consumer goods in New Brunswick increased by 1.7%. This was in line with the increases that were seen at both the national (+1.9%) and Atlantic (+1.5%⁵) levels. Since 2010, CPI has increased by an average of 1.8% annually at both a provincial and Atlantic level, and by 1.7% annually at a national level.

In recent years, most of the categories of spending considered by the Consumer Price Index have seen moderate price increases, with the two most notable exceptions being (1) 'alcoholic beverages, tobacco products and recreational cannabis', which have seen their prices increase quite dramatically in recent years (particularly tobacco products) and (2) 'clothing and footwear', which have seen their prices change very little since the late-1990s.

Change in CPI by Product Group – New Brunswick – 2019

| New Brunswick Total CPI and Product Groups | Year-over-Year Change (2018-2019) | 10-Year Average Annual Change (2010-2019) |
|---|-----------------------------------|---|
| Food | +3.3% | +2.3% |
| Shelter | +2.0% | +1.5% |
| Household operations, furnishings and equipment | -1.2% | +1.5% |
| Clothing and footwear | +0.5% | +0.8% |
| Transportation | +2.0% | +2.1% |
| Health and personal care | +0.8% | +0.7% |
| Recreation, education and reading | +3.0% | +1.7% |
| Alcoholic beverages, tobacco products and recreational cannabis | +1.5% | +4.9% |
| All-items | +1.7% | +1.8% |

Sources: Statistics Canada, Tables 18-10-0005-01 and 18-10-0007-01

⁵ CPI for Atlantic Canada was calculated as the average of the CPI values of the four individual provinces, weighted based on population.

Economic Conditions

The impact of the Great Recession in 2008-2009 was felt nationwide; however, while Canada as a whole was relatively quick to recover, New Brunswick and the other Atlantic Provinces have continued to struggle. After seeing a 1.4% decrease in 2009, real GDP⁶ in the province grew by only 0.2% annually through 2014. While the other three Atlantic Provinces also saw relatively slow growth during this time, their combined real GDP grew by an average of 1.0% annually, far exceeding New Brunswick's growth. In contrast to New Brunswick and the other Atlantic Provinces, Canada saw significant real GDP growth during this time (2.6% annually), largely driven by growth in Saskatchewan, Alberta and British Columbia. Between 2014 and 2018, New Brunswick's real GDP grew by an average of 1.1% annually (compared to 1.8% nationally).

Real GDP Growth for Selected Geographies (2009 to 2019)

| Geography | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 |
|-----------------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| Canada | -3.1% | +2.9% | +3.1% | +1.6% | +2.4% | +2.9% | +0.6% | +0.8% | +3.6% | +2.3% | +1.6% |
| Atlantic Canada | -3.5% | +3.3% | +1.2% | -1.9% | +1.5% | +0.0% | +0.1% | +1.4% | +1.5% | -0.1% | --- |
| New Brunswick | -1.4% | +2.0% | +0.3% | -1.1% | -0.3% | +0.1% | +0.7% | +0.8% | +2.2% | +0.8% | --- |

Sources: Statistics Canada, Tables 36-10-0222-01, 36-10-0402-01 and 36-10-0104-01

Note: Provincial-level real GDP estimates for 2019 were not available at the time that this document was produced

Similarly, labour market conditions in the province have only recently started to show signs of improvement, following a lengthy period of unfavourable conditions. As of 2019, New Brunswick had seen three consecutive years of employment growth, while the province's unemployment rate fell for the sixth consecutive year, hitting a twelve-year low of 7.9%. This trend has largely been driven by the high volume of retirements that have been occurring in recent years.

Employment Growth for Selected Geographies (2009 to 2019)

| Geography | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 |
|-----------------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| Canada | -1.7% | +1.4% | +1.5% | +1.3% | +1.5% | +0.6% | +0.8% | +0.7% | +1.9% | +1.3% | +2.1% |
| Atlantic Canada | -0.9% | +0.8% | +0.9% | +1.1% | -0.1% | -0.9% | -0.4% | -0.7% | -0.2% | +1.0% | +1.5% |
| New Brunswick | -0.2% | -0.5% | -0.7% | -0.7% | +0.4% | -0.2% | -0.6% | -0.1% | +0.4% | +0.3% | +0.8% |

Source: Statistics Canada, Table 14-10-0327-01

Unemployment Rate for Selected Geographies (2009 to 2019)

| Geography | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 |
|-----------------|-------|-------|-------|-------|-------|-------|-------|-------|------|------|------|
| Canada | 8.3% | 8.1% | 7.5% | 7.3% | 7.1% | 6.9% | 6.9% | 7.0% | 6.3% | 5.8% | 5.7% |
| Atlantic Canada | 10.5% | 10.7% | 10.1% | 10.3% | 10.2% | 10.0% | 10.0% | 10.0% | 9.7% | 9.2% | 8.5% |
| New Brunswick | 8.7% | 9.2% | 9.5% | 10.2% | 10.3% | 9.9% | 9.8% | 9.5% | 8.1% | 8.0% | 7.9% |

Source: Statistics Canada, Table 14-10-0327-01

⁶ GDP is the total value of goods and services in the economy. Increases and decreases over time indicate expansion and contraction of the economy. Real GDP adjusts for inflation.