



**New Brunswick
Minimum Wage Report
May 2021**



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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 Brunswick¹

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, 2021, New Brunswick's minimum wage was \$11.75 per hour. Since the beginning of 2011, when minimum wage was \$9.00 per hour, it has undergone nine changes and increased by \$2.75 per hour.

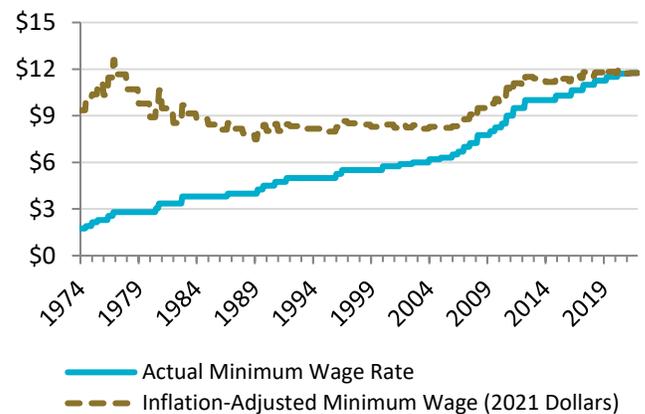
Changes to Minimum Wage in New Brunswick Since 2010

Date of Change	Minimum Hourly Wage Rate
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
April 1, 2021	\$11.75

The Actual Minimum Wage and the Inflation-Adjusted Minimum Wage²

The purchasing power³ of New Brunswick's minimum wage peaked in late 1976. Adjusted for inflation, the minimum wage at the time of \$2.80 per hour would be worth approximately \$12.59 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 \$7.48 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 \$8.30 per hour. Between 2006 and 2012, the minimum wage was increased at a faster pace than inflation, with the inflation-adjusted rate rising to \$11.49 per hour by 2012. Since 2012, increases have generally kept pace with inflation, resulting in stable purchasing power for minimum wage earners.

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



¹ Source(s): ESDC Minimum Wage Database

² Source(s): Statistics Canada, Labour Force Survey, Table 18-10-0005 and 2021 forecasted CPI growth from the major Canadian banks

³ '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.

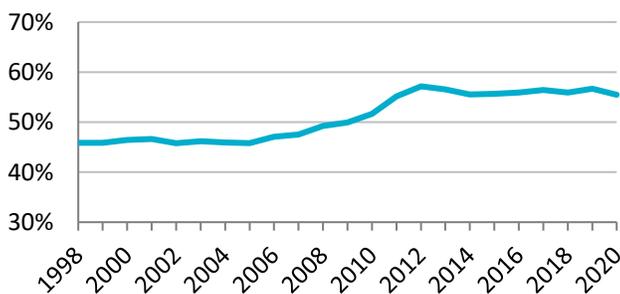
The Minimum Wage as a Proportion of Provincial Median Wage⁴

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.

Over the past several years, New Brunswick's minimum wage relative to its median wage rate has typically been among the highest in the country. This is largely a reflection of the fact that wages in New Brunswick are among the lowest in Canada. In 2020, New Brunswick's minimum wage (\$11.50 for three months, \$11.70 for nine months) was the fourth highest in Canada relative to its median wage (55%), behind Prince Edward Island, Ontario and Nova Scotia.

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%. This percentage dropped slightly between 2019 and 2020 (from 57% to 55%), in large part due to job losses among low-wage earners amidst the COVID-19 pandemic, which in turn resulted in an increase to the province's median wage rate.

Minimum Wage as a Proportion of Median Wage – New Brunswick



In 2020, 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:

- 86% for youth aged 15-24;
- 56% for women (compared to 54% for men); and
- 85% for part-time employees compared to 52% for full-time employees.

Minimum Wage Earners in New Brunswick⁵

2020 Profile

In 2020, there were 15,500 minimum wage earners in New Brunswick, down from 20,600 in 2019. This represented 5% of all employees in the province (down from 6% in 2019). This decrease was in large part driven by job losses among minimum wage earners as a result of the COVID-19 pandemic.

Youth were most likely to be earning minimum wage. Nearly one-fifth (19%) of New Brunswick youth aged 15 to 24 earned the minimum wage compared to 26% nationally. In contrast, only 2% of employees aged 25 to 54 years (3% nationally) and 4% of employees 55 years or older (5% nationally) earned minimum wage.

⁴ Source(s): Statistics Canada, Labour Force Survey, Table 18-10-0340.

⁵ Source(s): Statistics Canada, Labour Force Survey, Special Data Purchase.

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:

- 37% were between the ages of 15 and 19.
- 52% were female.
- 54% worked part-time (compared to 11% of those earned higher wages).
- 95% were not covered by a union or collective agreement.
- 75% were permanently employed.
- 53% had 12 months or more of job tenure.
- 70% had a high school diploma or less.
- 72% worked in sales or service occupations.
- 66% worked in either the retail trade or accommodation and food service industries.

In 2020, 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 37 hours per week at their main jobs.

Most minimum wage earners live with others, with about a quarter attending school. Of New Brunswick's 15,500 minimum wage earners:

- 52% (8,100) lived with parents or other relatives. Nearly half of this group was enrolled in school;
- 32% (5,000) lived with a spouse or common-law partner;
- 5% (800) lived with a child or children with no spouse or common-law partner present;
- 5% (700) lived with non-relatives; and
- The remaining 6% (900) lived alone.

Of the 5,000 minimum wage earners who lived with a spouse or common-law partner, 3,200 had a spouse or partner who was employed, while 1,800 had a spouse or partner who was unemployed or not in the labour force.

Pre-Pandemic Trends (2010 to 2019)

Between 2010 and 2019, 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	36.5%	40.8%	+4.3 (% pts)
Age 20 to 24	21.2%	14.6%	-6.6 (% pts)
Age 25 to 54	29.8%	26.7%	-3.1 (% pts)
Age 55+	12.5%	18.0%	+5.5 (% pts)
Sex			
Male	37.8%	43.7%	+5.9 (% pts)
Female	62.2%	56.3%	-5.9 (% pts)
Employment Type			
Full-time	46.6%	41.3%	-5.3 (% pts)
Part-time	53.4%	58.7%	+5.3 (% pts)
Job Permanency			
Permanent	68.3%	72.3%	+4.0 (% pts)
Temporary	31.7%	27.7%	-4.0 (% pts)
Union Coverage⁶			
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	51.4%	49.0%	-2.4 (% pts)
1 to 5 Years	35.1%	35.9%	+0.8 (% pts)
Over 5 Years	13.5%	15.0%	+1.5 (% pts)
Education Level⁷			
Less than High School	35.9%	33.5%	-2.4 (% pts)
High School Diploma	40.2%	40.3%	+0.1 (% pts)
Post-Secondary Credential	23.9%	26.2%	+2.3 (% pts)
Occupation			
Sales & Service Workers	71.6%	72.8%	+1.2 (% pts)
All Other Occupations	28.4%	27.2%	-1.2 (% pts)
Industry			
Retail Trade	36.1%	38.3%	+2.2 (% pts)
Accommodation and Food Services	25.5%	28.2%	+2.7 (% pts)
All Other Industries	38.5%	33.5%	-5.0 (% pts)

⁶ '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.

⁷ Based on highest level of education completed.

Impact of COVID-19 Pandemic (2020)

The bulk of job losses that occurred in 2020 as a result of the pandemic were in service-based industries that involve significant in-person contact. While certain goods-producing industries such as agriculture, construction and manufacturing were also heavily affected, businesses in the following service-based sectors were arguably the hardest hit (particularly at the height of the pandemic):

- Tourism-related industries (accommodation and food services, information, culture and recreation, travel, etc.)
- Retail trade (with some exceptions such as food retailers, building supplies stores and general merchandise stores)

- Business support services (e.g. call centres)
- Personal and laundry services (e.g. hairdressers)

While high-wage jobs exist in these industries, businesses in these sectors rely primarily on low-wage workers. As a result, groups that are disproportionately represented in low wage jobs, such as youth, women, and individuals without post-secondary credentials, were in turn disproportionately affected in terms of pandemic-related job losses.

With different groups being affected by the pandemic to different extents, the composition of the minimum wage-earning population changed significantly in 2020.

Changes in the Distribution of Subgroups of Minimum Wage Earners – New Brunswick – 2019 and 2020

Subgroups	Percentage of Minimum Wage Earners in 2019	Percentage of Minimum Wage Earners in 2020	Difference
Age Groups			
Age 15 to 19	40.8%	37.4%	-3.4 (% pts)
Age 20 to 24	14.6%	14.2%	-0.4 (% pts)
Age 25 to 54	26.7%	30.3%	+3.6 (% pts)
Age 55+	18.0%	18.1%	+0.1 (% pts)
Sex			
Male	43.7%	48.4%	+4.7 (% pts)
Female	56.3%	51.6%	-4.7 (% pts)
Employment Type			
Full-time	41.3%	46.5%	+5.2 (% pts)
Part-time	58.7%	53.5%	-5.2 (% pts)
Job Permanency			
Permanent	72.3%	75.3%	+3.0 (% pts)
Temporary	27.7%	24.7%	-3.0 (% pts)
Union Coverage			
Union Coverage	4.4%	3.9%	-0.5 (% pts)
No Union Coverage	95.6%	96.1%	+0.5 (% pts)
Job Tenure			
Less than 1 Year	49.0%	47.4%	-1.6 (% pts)
1 to 5 Years	35.9%	36.4%	+0.4 (% pts)
Over 5 Years	15.0%	16.2%	+1.2 (% pts)
Education Level			
Less than High School	33.5%	31.6%	-1.9 (% pts)
High School Diploma	40.3%	38.7%	-1.6 (% pts)
Post-Secondary Credential	26.2%	29.7%	+3.5 (% pts)

Canadian Comparisons

Minimum Wage Rates in Canada⁸

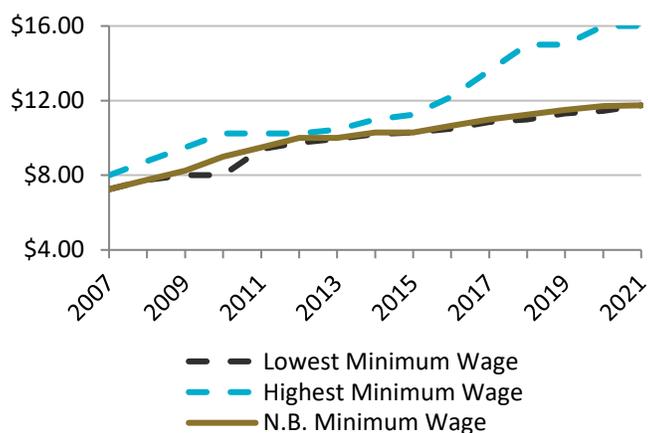
As of April 1, 2021, New Brunswick's minimum wage was the second lowest among Canadian provinces and territories. As of October 1, 2021, the province's minimum wage will be the lowest in the country.

Minimum Wage by Province/Territory – 2021

Jurisdiction	As of April 1, 2021	As of October 1, 2021*
Nunavut	\$16.00	\$16.00
Alberta	\$15.00	\$15.00
British Columbia	\$14.60	\$15.20
Ontario	\$14.25	\$14.35
Yukon	\$13.85	\$13.85
Northwest Territories	\$13.46	\$15.20
Quebec	\$13.10	\$13.50
Prince Edward Island	\$13.00	\$13.00
Nova Scotia	\$12.95	\$12.95
Newfoundland and Labrador	\$12.50	\$12.75
Manitoba	\$11.90	\$11.95
New Brunswick	\$11.75	\$11.75
Saskatchewan	\$11.45	\$11.81

* Expected

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

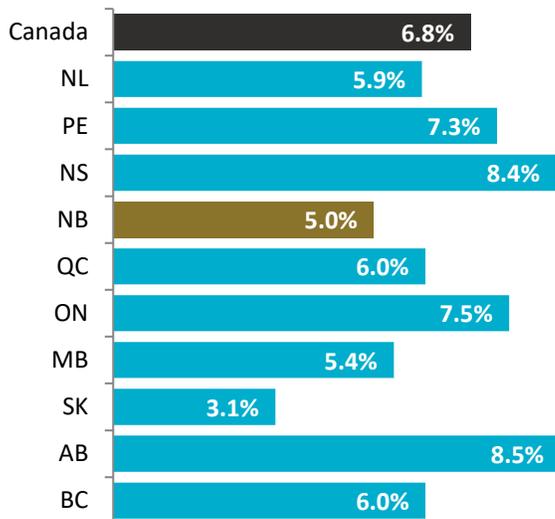


⁸ Source(s): ESDC Minimum Wage Database and author's calculations

Percentage of Employees Earning Minimum Wage⁹

In 2020, New Brunswick had the second lowest percentage of employees earning minimum wage (5.0%) in Canada, behind only Saskatchewan (3.1%). This percentage was down 1.4 p.p. from 2019 (a decrease from 6.4% to 5.0%), the third largest decline among the provinces during this time.

Percentage of Employees Earning Minimum Wage – 2020



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. New Brunswick had the fourth lowest average minimum wage throughout 2020 (three months at \$11.50, nine months at \$11.70).
- How quickly it has been raised: While small and gradual changes to the minimum wage will typically result in this percentage remaining relatively stable (or even decreasing), 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 7.5% in 2017 to 15.4% in 2018. The relatively small increase to New Brunswick's minimum wage in 2020 (+\$0.20), coupled with pandemic-driven job losses among low-wage earners, likely contributed to the province's relatively large drop in employees earning minimum wage.

Percentage of Employees Earning Minimum Wage for Selected Province – 2010 to 2020

Geography	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Canada	7.1%	7.1%	7.2%	6.9%	7.3%	7.2%	7.0%	6.6%	10.5%	8.9%	6.8%
Atlantic Canada	7.8%	8.3%	9.1%	6.9%	6.0%	6.6%	6.6%	7.3%	7.2%	7.0%	6.7%
New Brunswick	6.6%	7.6%	9.7%	8.0%	6.7%	6.0%	6.6%	7.3%	7.2%	6.4%	5.0%
Ontario	10.9%	10.6%	9.6%	9.3%	10.9%	10.7%	9.3%	7.5%	15.4%	11.0%	7.5%
Alberta	1.3%	1.6%	1.9%	1.8%	1.9%	2.7%	4.6%	6.3%	8.6%	11.0%	8.5%

⁹ Source(s): Statistics Canada, Labour Force Survey, Special Data Purchase.

Cost of Living¹⁰

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.

In 2020, amidst the pandemic, New Brunswick's CPI increased by 0.22% year-over-year. This was the smallest increase to CPI in New Brunswick on record (with comparable data available dating back to 1979).

At the Atlantic level CPI increased by 0.23%¹¹, while nationally it saw an increase of 0.74%.

The largest contributor to the slowdown in CPI in 2020 was gasoline prices. As a result of the pandemic, New Brunswickers and other Canadians travelled significantly less in 2020, which resulted in reduced demand for gasoline, and in turn, lower gasoline prices. Excluding gasoline, New Brunswick CPI rose by 1.19% in 2020. Decreased fuel costs also contributed to a decrease in prices of certain other goods.

It's worth noting that the Consumer Price Index is not designed to handle sudden and significant shifts in household purchasing patterns, such as those that occurred during the pandemic. The true effect of the pandemic on consumer prices may be more accurately reflected when the Consumer Price Index's basket weights are updated in July 2021.

Looking at longer term trends, since 2010, New Brunswick CPI has increased by an average of 1.66% annually, roughly on par with the average annual increases seen at both the Atlantic (1.62%) and national (1.63%) levels during this time. 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

	Year-over-Year Change, 2019-2020	Average Annual Change, 2010-2020
Food	+2.57%	+2.32%
Shelter	+1.36%	+1.49%
Household operations, furnishings and equipment	+0.24%	+1.36%
Clothing and footwear	-3.25%	+0.39%
Transportation	-1.62%	+1.75%
Health and personal care	+1.60%	+0.82%
Recreation, education and reading	-0.97%	+1.39%
Alcoholic beverages, tobacco products and recreational cannabis	+0.14%	+4.43%
All-items	+0.22%	+1.66%

¹⁰ Source(s): Statistics Canada, Consumer Price Index, Table 18-10-0005.

¹¹ CPI for Atlantic Canada was calculated as the average of the CPI values of the four individual provinces, weighted based on population.

Economic Conditions¹²

The economic conditions in a given region are one of the main factors that influence the prevailing wage rates across various jobs. Factors such as how profitable businesses are and how readily available qualified workers are will influence how much employers are able and willing to pay employees. These same factors play a significant role in determining the minimum wage rate in a given jurisdiction, and ultimately how many workers end up earning that wage rate. The analysis that follows covers long-term and recent trends in some of the economic indicators that impact businesses and workers, including minimum wage earners.

Pre-Pandemic Trends

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 GDP in the province grew by only 0.3% annually through 2015. While the

other three Atlantic Provinces also saw relatively slow growth during this time, their combined real GDP grew by an average of 0.7% 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 (2.3% annually), largely driven by growth in Saskatchewan, Alberta and British Columbia.

Between 2015 and 2019, New Brunswick began to show signs of recovery, seeing its real GDP grow by an average of 1.2% annually, compared to 2.2% nationally.

Similarly, leading up to the pandemic, labour market conditions in the province had 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 hit an eleven-year low of 8.0% in 2018, before rising slightly to 8.1% in 2019 (a trend that has been primarily driven by the high volume of retirements that have been occurring in recent years).

Real GDP Growth for Selected Geographies – 2008 to 2019

Geography	2008	2009	2010 to 2015 Avg.	2016	2017	2018	2019
Canada	+1.0%	-3.1%	+2.3%	+0.8%	+3.5%	+2.8%	+1.8%
Atlantic Canada	+0.5%	-3.5%	+0.7%	+1.4%	+2.1%	-0.1%	+2.6%
New Brunswick	+0.8%	-1.4%	+0.3%	+0.8%	+2.5%	+0.5%	+1.2%

Employment Growth for Selected Geographies – 2008 to 2019

Geography	2008	2009	2010 to 2015 Avg.	2016	2017	2018	2019
Canada	+1.4%	-1.6%	+1.3%	+0.7%	+2.1%	+1.6%	+2.2%
Atlantic Canada	+1.1%	-0.8%	+0.2%	-2.1%	-3.7%	+0.6%	+1.2%
New Brunswick	+1.0%	+0.1%	-0.4%	-1.4%	+3.5%	+4.1%	+3.4%

Unemployment Rate for Selected Geographies – 2008 to 2019

Geography	2008	2009	2010 to 2015 Avg.	2016	2017	2018	2019
Canada	6.2%	8.4%	7.3%	7.1%	6.4%	5.9%	5.7%
Atlantic Canada	9.4%	10.6%	10.3%	14.0%	15.1%	14.1%	12.3%
New Brunswick	8.6%	8.7%	9.9%	10.9%	9.9%	9.4%	8.8%

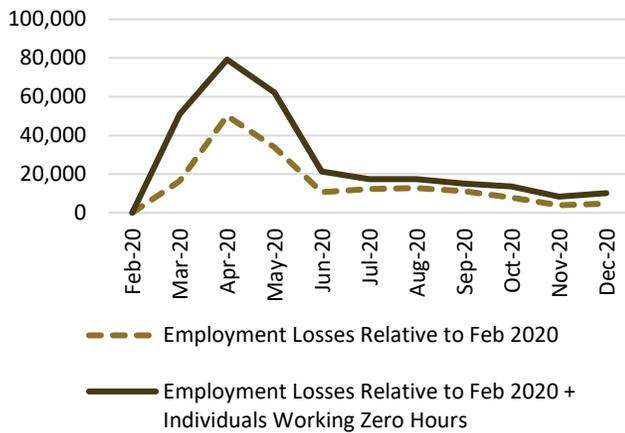
¹² Source(s): Statistics Canada, GDP by Income and by Expenditure Accounts, Tables 36-10-0222 and 36-10-0369; and Statistics Canada, Labour Force Survey, Tables 14-10-0327 and 14-10-0287.

COVID-19 Pandemic

As a result of the COVID-19 pandemic, and the various restrictions and measures that were put in place in response to it, New Brunswick saw unprecedented levels of labour market disruption.

After starting 2020 off by reaching record high employment levels, approximately 50,000 New Brunswickers lost their jobs between February and April. Despite this representing by far the largest two-month decline in employment on record (with comparable data available back to 1976), job loss figures fail to capture the full extent of the pandemic’s impact. In addition to the previously mentioned employment losses, nearly 30,000 individuals, while still technically being considered employed, were working zero hours for reasons likely attributable to the pandemic during the initial lockdown and more than 6,000 workers were working less than half of their usual hours.

Employment Losses and Individuals Working Zero Hours Relative to February 2020 – New Brunswick (Seasonally Adjusted)



While New Brunswick was significantly impacted at the onset of the pandemic, due to its relatively low case count, it was among the first provinces to begin to recover. In June 2020, New Brunswick had the lowest unemployment rate in the country (tied with Manitoba), and ranked first among the provinces in terms of employment as a percentage of pre-pandemic (February 2020) levels, at 97.1%.

Following this initial bounce back however, the recovery slowed down. As of December 2020, employment in New Brunswick had reached 98.7% of its February 2020 total, compared to 96.6% at a national level.

Employment in December 2020 Relative to February 2020 (Seasonally Adjusted)



In terms of total output, most major banks estimate that New Brunswick’s real GDP decreased by 3% to 4% in 2020 (compared to 5% at a national level).

Its important to note that while various indicators may point towards the economy being close to a full recovery, many workers are still working reduced hours and/or are employed in jobs that were only able to exist due to government support programs such as the Canada Emergency Wage Subsidy. A full return to pre-pandemic levels of output will likely stretch into 2022 (or beyond).