



**New Brunswick
Minimum Wage Report
April 2022**



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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

Between 2019 and 2021, New Brunswick's minimum wage was increased on April 1st of each year based on Statistics Canada's Consumer Price Index (a commonly used measure of inflation) for New Brunswick. However, it was determined that a correction was necessary to boost the minimum wage to a more appropriate level. To achieve this correction, a pair of increases were announced: a one dollar increase on April 1, 2022 (from \$11.75 to \$12.75), and a second increase of one dollar on October 1, 2022 (from \$12.75 to \$13.75). In 2023, the minimum wage will resume being tied to the Consumer Price Index.

Recent Changes to Minimum Wage in New Brunswick

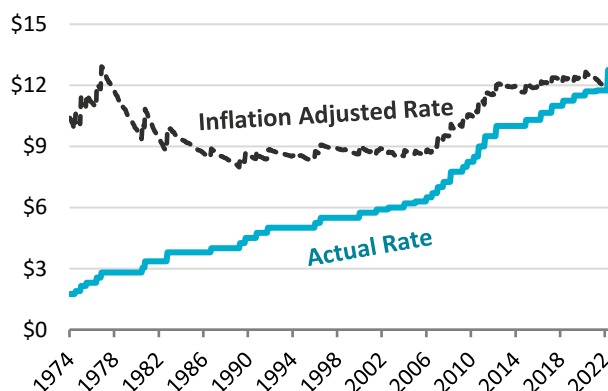
Date of Change	Minimum Wage
April 1, 2017	\$11.00
April 1, 2018	\$11.25
April 1, 2019	\$11.50
April 1, 2020	\$11.70
April 1, 2021	\$11.75
April 1, 2022	\$12.75
October 1, 2022	\$13.75

The Actual Minimum Wage and the Inflation-Adjusted Minimum Wage¹

The purchasing power² 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 \$12.93 per hour today³. Thereafter, the purchasing power of minimum wage decreased sharply, with the inflation-adjusted rate falling to as low as (approximately) \$8.00 in early-1989. Following this decline, it wasn't until the late-2000s to early-2010s that the purchasing power of the minimum wage rate began to approach its value seen in the 1970s, with the inflation-adjusted rate rising to just over \$12 by 2012. Between 2012 and 2021, increases generally kept pace with inflation, resulting in stable purchasing power for minimum wage earners.

With the minimum wage increasing to \$12.75 as of April 2022, the purchasing power of New Brunswick's minimum wage rose once again, reaching its highest point since 1977. It is expected that the purchasing power of New Brunswick's minimum wage will exceed its previous high (seen in 1976) following the scheduled rate increase to \$13.75 in October.

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



¹ Source(s): ESDC Minimum Wage Database and Statistics Canada, Consumer Price Index Table 18-10-0004.

² '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.

³ Based on February 2022 Consumer Price Index data.

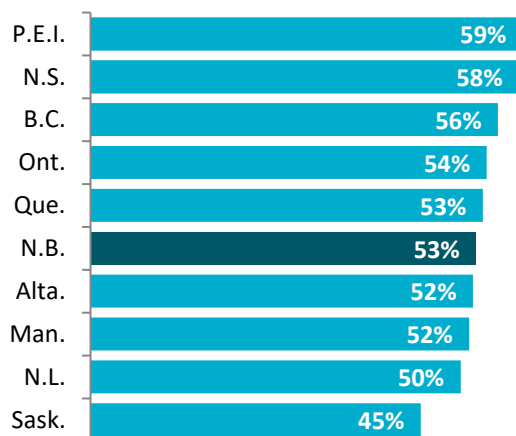
The Minimum Wage as a Proportion of Provincial Median Wage⁴

Median wage is the midpoint hourly wage, where half of 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.

This ratio serves as an indicator of how the minimum wage rate compares to typical wage levels, and when looked at over time, provides an idea of whether or not minimum wage increases have been “keeping up” with broader wage growth in the labour market. Furthermore, this ratio may also serve as an indicator of a labour market’s ability (or inability) to absorb increases to the minimum wage, with a lower ratio often indicating a greater ability to absorb increases without risking economic damage.

In 2021, New Brunswick’s minimum wage (\$11.70 for three months, \$11.75 for nine months) was equal to 53% of its median wage (\$22.33). This represented the sixth highest ratio among the ten provinces.

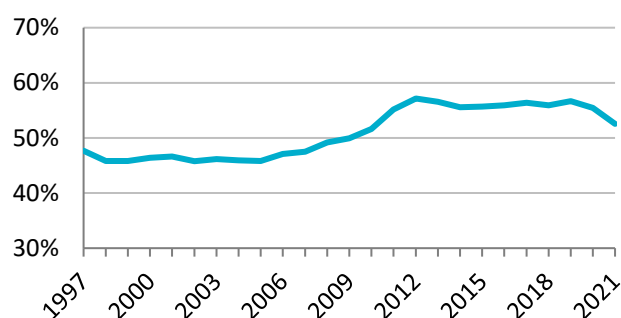
Minimum Wage as a Proportion of Median Wage – 2021



Prior to 2021, New Brunswick’s minimum wage relative to its median wage had ranked among the highest in the country for several years, a trend that was largely a reflection of the province’s relatively low median wage.

However, with growth in the province’s median wage between 2019 and 2021 far exceeding growth to its minimum wage, the gap between the province’s minimum wage and median wage widened. It is likely that this ratio will see a noticeable increase in 2022 as a result of the two scheduled minimum wage increases.

Minimum Wage as a Proportion of Median Wage – New Brunswick



In 2021, the minimum wage as a proportion of median wage was relatively high for the following three groups of New Brunswickers:

- Youth aged 15-24 (84%);
- Women (54%, compared to 51% for men); and
- Part-time employees (84%, compared to 49% for full-time employees).

The relatively high ratios among these groups was a reflection of the fact that many of these individuals were earning a wage that was close or equal to the minimum wage.

Minimum Wage Earners in New Brunswick⁵

2021 Profile

In 2021, there were 16,500 minimum wage earners in New Brunswick (5% of employees), up from 15,500 in 2020. This increase was likely the result of increased hiring in the service sector in 2021, following significant pandemic-related job losses in 2020 (particularly among low wage earners).

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

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

Youth were most likely to be earning minimum wage. More than one-fifth (21%) of New Brunswick employees aged 15 to 24 earned the minimum wage compared to just under one-quarter (24%) nationally. In contrast, only 2% of employees aged 25 to 54 years (3% nationally) and 4% of employees 55 years or older (4% nationally) 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. Among minimum wage earners in 2021:

- 48% were between the ages of 15 and 19.
- 58% were female.
- 63% worked part-time (compared to 12% of those earned higher wages).
- 97% were not covered by a union or collective agreement.
- 74% were permanently employed.
- 52% had 12 months or more of job tenure.
- 70% had a high school diploma or less.
- 76% worked in sales or service occupations.
- 69% worked in either the retail trade or accommodation and food service industries.

In 2021, minimum wage earners worked an average of 24 hours per week at their main jobs, while those who earned above minimum wage worked an average of 37 hours per week.

Most minimum wage earners live with others, with about one-third attending school. Of New Brunswick's 16,500 minimum wage earners:

- 59% (9,800) lived with parents or other relatives. Nearly half of this group was enrolled in school;
- 27% (4,400) lived with a spouse or common-law partner;
- 4% (600) lived with a child or children with no spouse or common-law partner present;
- 5% (800) lived with non-relatives; and
- The remaining 5% (900) lived alone.

Of the 4,400 minimum wage earners who lived with a spouse or common-law partner, 2,800 had a spouse or partner who was employed, while 1,500 had a spouse or partner who was unemployed or not in the labour force.

Ten Year Trends (2011 to 2021)

Between 2011 and 2021, the proportion of minimum wage earners with the following characteristics increased:

- Teenagers;
- Older workers (ages 55+);
- Males;
- Part-time employees;
- Permanent employees;
- Employees with post-secondary credentials.

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

- Core working-age individuals (aged 25 to 54);
- Females;
- Full-time employees;
- Temporary employees;
- Employees without post-secondary credentials.

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

As the province continues to recover from the COVID-19 pandemic, and with two relatively large minimum wage increases scheduled for 2022, the profile of those who earn minimum wage could change significantly in 2022 and 2023.

Changes in the Distribution of Subgroups of Minimum Wage Earners – New Brunswick – 2011 to 2021

Subgroups	Percentage of Minimum Wage Earners in 2011	Percentage of Minimum Wage Earners in 2021	Difference
Age Groups			
Age 15 to 19	35.6%	47.9%	+12.3 (% pts)
Age 20 to 24	15.9%	12.1%	-3.8 (% pts)
Age 25 to 54	33.9%	23.6%	-10.3 (% pts)
Age 55+	14.6%	16.4%	+1.7 (% pts)
Sex			
Male	37.2%	42.4%	+5.2 (% pts)
Female	62.8%	57.6%	-5.2 (% pts)
Employment Type			
Full-time	47.9%	37.0%	-10.9 (% pts)
Part-time	52.1%	63.0%	+10.9 (% pts)
Job Permanency			
Permanent	68.3%	73.9%	+5.6 (% pts)
Temporary	31.7%	26.1%	-5.6 (% pts)
Union Coverage⁶			
Union Coverage	3.8%	3.0%	-0.7 (% pts)
No Union Coverage	96.2%	97.0%	+0.7 (% pts)
Job Tenure			
Less than 1 Year	43.9%	48.5%	+4.6 (% pts)
1 to 5 Years	41.4%	34.5%	-6.9 (% pts)
Over 5 Years	14.6%	17.0%	+2.3 (% pts)
Education Level⁷			
Less than High School	37.7%	40.0%	+2.3 (% pts)
High School Diploma	37.7%	29.7%	-8.0 (% pts)
Post-Secondary Credential	24.7%	30.3%	+5.6 (% pts)
Occupation			
Sales & Service Workers	72.4%	76.4%	+4.0 (% pts)
All Other Occupations	27.6%	23.6%	-4.0 (% pts)
Industry			
Retail Trade	35.1%	46.1%	+10.9 (% pts)
Accommodation and Food Services	25.1%	23.0%	-2.1 (% pts)
All Other Industries	39.7%	30.9%	-8.8 (% 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.

Canadian Comparisons

Minimum Wage Rates in Canada

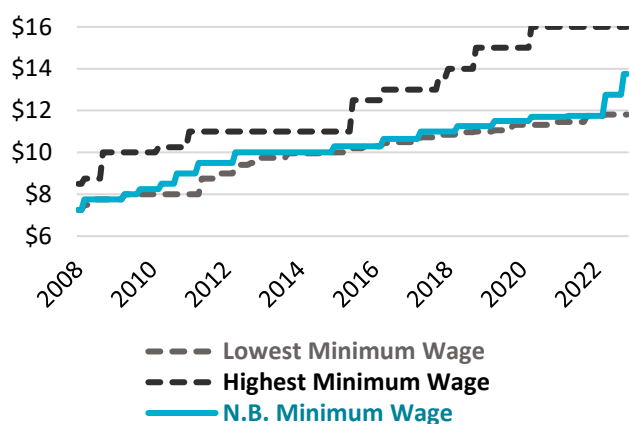
As of April 1, 2022, New Brunswick's minimum wage was the eleventh highest (third lowest) among Canadian provinces and territories. Following the scheduled increase to \$13.75 in October, the province's minimum wage is expected to rank eighth in the country (sixth lowest), behind the three territories, British Columbia, Ontario, Alberta and Quebec.

Minimum Wage by Province/Territory – 2022

	As of April 1, 2022	As of October 1, 2022*
Nvt.	\$16.00	\$16.00
Y.T.	\$15.70	\$15.70
B.C.	\$15.20	\$15.65
N.W.T.	\$15.20	\$15.20
Ont.	\$15.00	\$15.50
Alta.	\$15.00	\$15.00
P.E.I.	\$13.70	\$13.70
Que.	\$13.50	\$14.25
N.S.	\$13.35	\$13.60
N.L.	\$13.20	\$13.20
N.B.	\$12.75	\$13.75
Man.	\$11.95	\$12.35
Sask.	\$11.81	\$11.97

* Expected

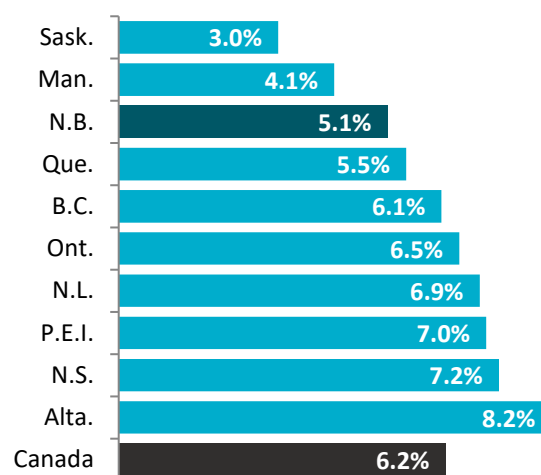
N.B. Minimum Wage Compared to Highest and Lowest Minimum Wages in Canada



Percentage of Employees Earning Minimum Wage⁸

In 2021, New Brunswick had the third lowest percentage of employees earning minimum wage (5.1%) in Canada, behind only Saskatchewan (3.0%) and Manitoba (4.1%). This percentage was up 0.1 p.p. from 2020.

Percentage of Employees Earning Minimum Wage – 2021



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 second lowest average minimum wage in 2021 (three months at \$11.70, nine months at \$11.75).
- 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 the 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.

⁸ Source(s): Statistics Canada, Labour Force Survey, Special Data Purchase.

Percentage of Employees Earning Minimum Wage for Selected Province – 2012 to 2021

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Canada	7.2%	6.9%	7.3%	7.2%	7.0%	6.6%	10.5%	8.9%	6.8%	6.2%
Atlantic Canada	9.1%	6.9%	6.0%	6.6%	6.6%	7.3%	7.2%	7.0%	6.7%	6.4%
New Brunswick	9.7%	8.0%	6.7%	6.0%	6.6%	7.3%	7.2%	6.4%	5.0%	5.1%
Ontario	9.6%	9.3%	10.9%	10.7%	9.3%	7.5%	15.4%	11.0%	7.5%	6.5%
Alberta	1.9%	1.8%	1.9%	2.7%	4.6%	6.3%	8.6%	11.0%	8.5%	8.2%

Cost of Living⁹

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 2020 and 2021, New Brunswick's CPI increased by 3.81% year-over-year. This was the largest increase to CPI in New Brunswick since 1991. At the Atlantic level CPI increased by 3.96%¹⁰, while nationally it saw an increase of 3.36%.

One of the largest contributors to the increase in CPI in 2021 was the price of gasoline. After falling significantly in 2020, fuel prices rose well above their pre-pandemic levels in 2021. Excluding gasoline, New Brunswick CPI rose by 2.49% in 2021. Increased fuel costs likely also contributed to an increase in prices of certain other goods (e.g. food, heating, etc.).

Looking at longer term trends, since 2011, New Brunswick CPI has increased by an average of 1.68% annually, on par with the average annual increases seen at both the Atlantic (1.66%) and national (1.68%) 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 significantly 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, 2020-2021	Average Annual Change, 2011-2021
Food	+3.45%	+2.20%
Shelter	+3.52%	+1.64%
Household operations, furnishings and equipment	-0.48%	+1.20%
Clothing and footwear	+0.10%	+0.21%
Transportation	+10.27%	+2.09%
Health and personal care	+1.49%	+0.90%
Recreation, education and reading	+1.07%	+1.34%
Alcoholic beverages, tobacco products and recreational cannabis	+1.01%	+3.50%
All-items	+3.81%	+1.68%

⁹ Source(s): Statistics Canada, Consumer Price Index, Table 18-10-0005.

¹⁰ CPI for Atlantic Canada was calculated as the average of the CPI values of the four individual provinces, weighted based on population.

Economic Conditions¹¹

Context

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.

Recent Trends

Leading up to the pandemic, New Brunswick had begun to show some signs of growth following a prolonged period of stagnation following the Great Recession of 2008-2009. Between 2017 and 2019, New Brunswick's real GDP grew by an average of 1.7% annually, compared to 0.4% between 2010 and 2016.

Real GDP Growth

	2010-16 Avg.	2017-19 Avg.	2019-20	2020-21
Canada	+2.1%	+2.9%	-4.8%	+4.6%
N.B.	+0.4%	+1.7%	-3.2%	+3.4% ¹²
N.S./P.E.I.	+0.8%	2.4%	-2.4%	---

Employment Growth

	2010-16 Avg.	2017-19 Avg.	2019-20	2020-21
Canada	+1.0%	+2.0%	-5.2%	+4.8%
N.B.	-0.3%	+0.7%	-2.6%	+2.5%
N.S./P.E.I.	-0.1%	+1.9%	-4.4%	+5.1%

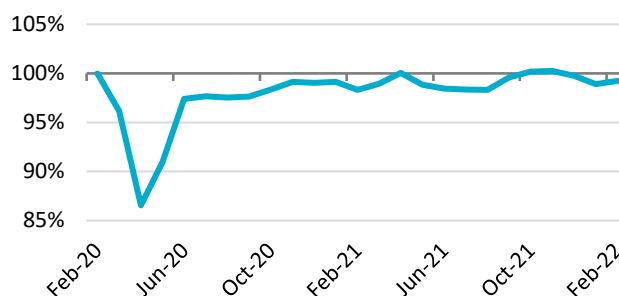
Unemployment Rate

	2010-16 Avg.	2017-19 Avg.	2020	2021
Canada	7.3%	6.0%	9.5%	7.5%
N.B.	9.9%	8.1%	10.0%	9.0%
N.S./P.E.I.	9.3%	8.1%	9.9%	8.5%

Labour market conditions in the province had also began to show signs of improvement leading up to the pandemic, following a lengthy period of unfavourable conditions. As of 2019, New Brunswick had seen four consecutive years of employment growth, while the province's unemployment rate fell from 10.3% to 8.1% between 2013 and 2019.

Despite the pandemic interrupting these trends, the province's labour market has shown signs of recovery. Between August 2021 and February 2022, employment in the province increased by 3,300, to 360,900 (99.2% of its value immediately before the pandemic), while the unemployment rate fell from 9.4% to 7.9%.

Employment Relative to February 2020 (Adjusted for Seasonality) – New Brunswick



While New Brunswick's economy continues to inch closer to a full recovery, with the pandemic still on-going, many workers remain in a vulnerable position, at risk of seeing reduced work hours, or even job loss, depending on how the pandemic continues to evolve.

¹¹ 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.

¹² Forecasted real GDP growth (Government of New Brunswick Department of Finance and Treasury Board, 2022-2023 Economic Outlook)