



2019 New Brunswick Minimum Wage Report



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2019 New Brunswick Minimum Wage Report

Contents

Section 1 – Minimum Wage Rates in New Brunswick.....	2
1.1 Recent History of Minimum Wage in New Brunswick	2
1.2 The Actual Minimum Wage Rate and the Inflation-Adjusted Minimum Wage Rate	2
1.3 The Minimum Wage as a Proportion of Provincial Median Wage	3
Section 2 – Minimum Wage Earners in New Brunswick	4
2.1 2018 Profile	4
2.2 Ten Year Trends (2009 to 2018)	6
Section 3 – Canadian Comparisons	7
3.1 Minimum Wage Rates in Canada	7
3.2 Percentage of Employees Earning Minimum Wage	8
Section 4 – Cost of Living.....	9
Section 5 – Economic Conditions	10

2019 New Brunswick Minimum Wage Report

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

Section 1 – Minimum Wage Rates in New Brunswick

1.1 Recent History of Minimum Wage in New Brunswick

The minimum wage rate in New Brunswick is currently set at \$11.50 per hour. Since 2009, there have been eleven changes to the minimum wage rate:

Changes to Minimum Wage in New Brunswick Since 2009

Date of Change	Minimum Hourly Wage Rate
April 15, 2009	\$ 8.00
September 1, 2009	\$ 8.25
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

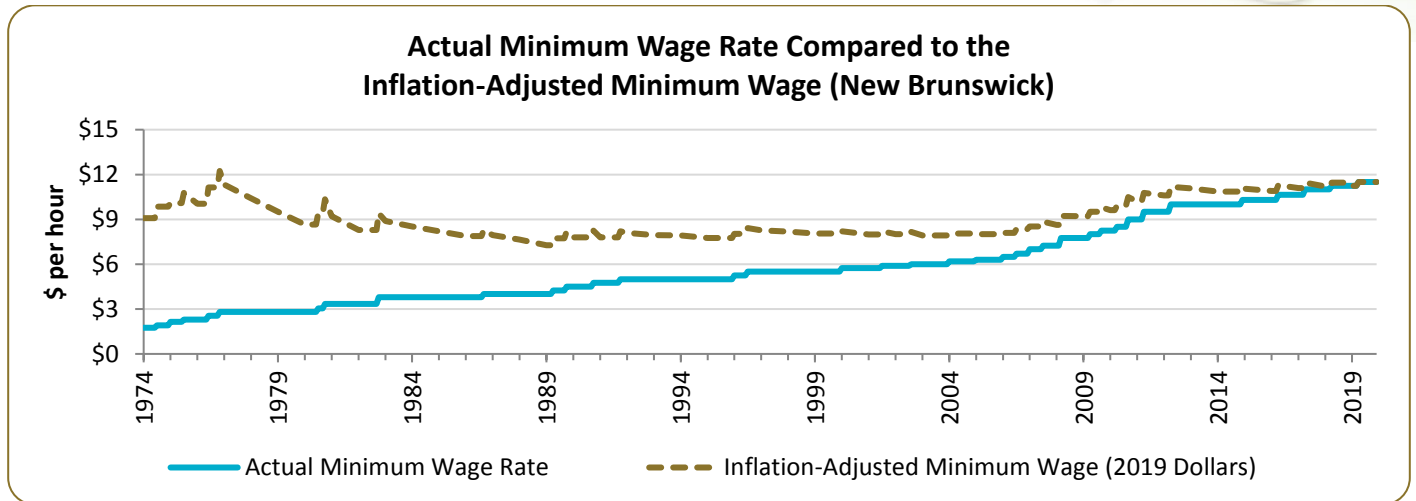
Source: ESDC Minimum Wage Database

1.2 The Actual Minimum Wage Rate and the Inflation-Adjusted Minimum Wage Rate

The “inflation-adjusted minimum wage rate” represents the real value of the minimum wage rate over time in terms of purchasing power¹ in 2019 dollars. As shown in the graph on the following page, the inflation-adjusted minimum wage peaked in late 1976 at \$12.24 per hour, followed by a sharp decrease to a low point of \$7.27 per hour in 1989. Although the minimum wage rate increased during this time, it did not keep pace with inflation, resulting in reduced purchasing power for minimum wage earners. Over the next seventeen years, the purchasing power of minimum wage earners remained relatively low as the minimum wage rate kept pace with inflation, with the inflation-adjusted minimum wage hovering around \$8.00 per hour. In 2006, the minimum wage began to increase faster than inflation, with the adjusted rate rising to \$11.18 per hour by 2014. In terms of purchasing power, the minimum wage rate in New Brunswick has not matched its 1976 peak since that time. Since 2012, increases to the minimum wage rate 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.

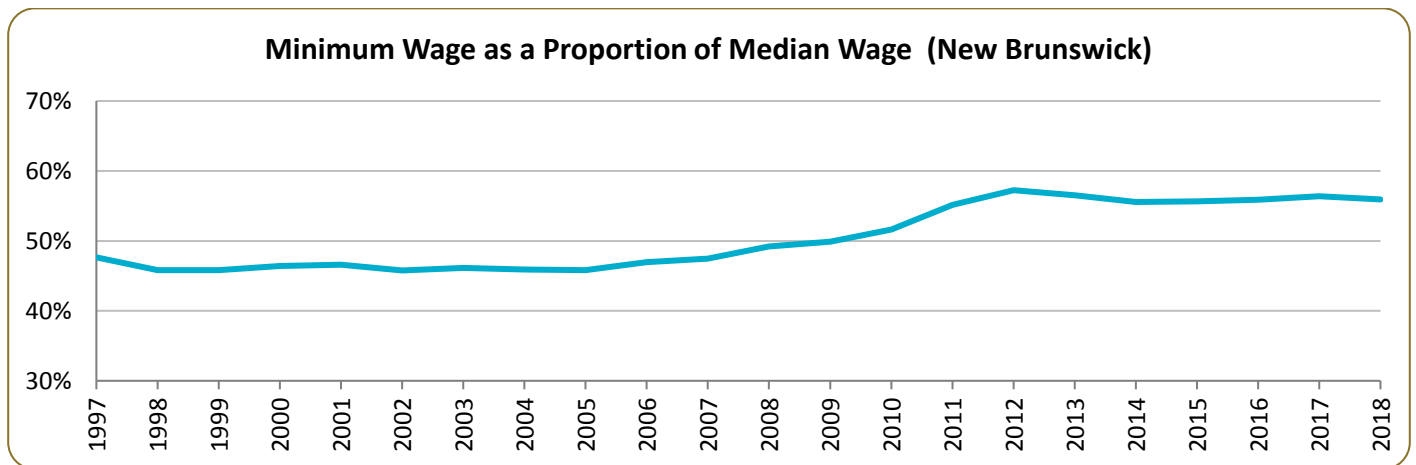
2019 New Brunswick Minimum Wage Report



Sources: ESDC Minimum Wage Database and Statistics Canada, Table 18-10-0005-01 (and 2019 Forecasted CPI growth from the major Canadian banks)

1.3 The Minimum Wage as a Proportion of Provincial Median Wage

Median wage is the midpoint hourly wage rate, 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. As shown in the graph below, since increasing noticeably between 2007 and 2012, the minimum wage as a proportion of the provincial median wage has remained fairly consistent, hovering around 56%.



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

In 2018, New Brunswick’s minimum wage was the third highest in Canada relative to its median wage, behind Ontario and Prince Edward Island. This was largely the result of wages in the province being low in comparison to those of the other provinces. In 2018, New Brunswick had the second lowest median hourly wage in Canada (tied with Nova Scotia, and ahead of Prince Edward Island).



2019 New Brunswick Minimum Wage Report

For some groups, the New Brunswick minimum wage was higher relative to their median wage than for other groups. A significant portion of employees in these groups were likely earning a wage that is close to, or equal to, the minimum wage. In 2018 the minimum wage expressed as a percentage of the group median wage was higher for the following groups:

- 88% for youth aged 15-24;
- 59% for women (compared to 56% for men); and
- 87% for part-time employees compared to 54% for full-time employees.

Section 2 – Minimum Wage Earners in New Brunswick

2.1 2018 Profile

In 2018, there were 22,500 minimum wage earners in New Brunswick. This represented 7% of all employees in the province. Youth (ages 15 to 24) were the most likely group to be earning minimum wage, with 27% of New Brunswick youth earning the minimum wage in 2018 (36% nationally). In contrast, only 3% of core working-age (ages 25 to 54) employees and 6% of employees 55 years of age or older earned minimum wage.

Given the relatively high percentage of youth that were earning minimum wage (both within New Brunswick and across the country), it is not surprising that very few minimum wage earners live alone. Of the 22,500 minimum wage earners in the province in 2018, 51% (11,400) lived with parents (nearly half of this group was enrolled in school), 31% (6,900) lived with a spouse or common-law partner, 6% (1,300) lived with a child or children with no spouse or common-law partner present, 6% (1,300) lived with non-relatives, and the remaining 7% (1,500) lived alone.

Of the 6,900 minimum wage earners who lived with a spouse or common-law partner, 9% (600) had a spouse or partner that was also a minimum wage earner, 51% (3,500) had a spouse or partner that was earning greater than minimum wage, 7% (500) had a spouse or partner that was self-employed², and the remaining 32% (2,200) had a spouse or partner that was not employed.

Income among minimum wage earners was further limited by the number of hours they worked. In 2018, 51% of minimum wage earners worked part-time, compared to only 11% of those who earned above minimum wage. This was reflected in the average number of hours worked by minimum wage earners (27 hours per week), with this group working an average of 11 hours less per week than those who earned above minimum wage (38 hours per week). Among minimum wage earners who were working part-time, 55% cited school as their reason for doing so, while another 21% reported that would prefer to work full-time and were available to do so, but cited business conditions/an inability to find full-time; the remaining 24% cited other voluntary reasons, such as caring for children or personal preference.

² Wage data was not available for self-employed individuals

2019 New Brunswick Minimum Wage Report

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.

Of minimum wage earners in 2018:

- 38% were between the ages of 15 and 19.
- 59% were female.
- 51% worked part-time.
- 94% were not covered by a union or collective agreement.
- 73% were permanently employed.
- 56% had more than 12 months or more of job tenure.
- 74% had a high school diploma or less.
- 73% worked in sales or service occupations.
- 62% worked in either the retail trade or accommodation and food service industries.

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

- Older workers (ages 55+);
- Males;
- Full-time employees;
- Employees with job tenure of over five years;
- Employees with a high school diploma; 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;
- Part-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 a number of factors. For example, in the case of the significant increase to the percentage of minimum wage earners who were aged 55 years or older in recent years, 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.

2019 New Brunswick Minimum Wage Report

2.2 Ten Year Trends (2009 to 2018)

Changes in the Distribution of Subgroups of Minimum Wage Earners (New Brunswick, 2009 to 2018)

Subgroups	Percentage of Minimum Wage Earners in 2009	Percentage of Minimum Wage Earners in 2018	Difference
Age Groups:			
Age 15 to 19	45.3%	38.4%	-7.0 (% pts)
Age 20 to 24	16.3%	16.1%	-0.2 (% pts)
Age 25 to 54	28.5%	27.2%	-1.3 (% pts)
Age 55+	9.9%	18.3%	+8.4 (% pts)
Gender:			
Male	38.2%	41.3%	+3.2 (% pts)
Female	61.8%	58.7%	-3.2 (% pts)
Employment Type:			
Full-time	43.4%	48.7%	+5.3 (% pts)
Part-time	56.6%	51.3%	-5.3 (% pts)
Job Permanency:			
Permanent	69.9%	72.9%	+2.9 (% pts)
Temporary	30.1%	27.1%	-2.9 (% pts)
Union Coverage³:			
Union Coverage	6.9%	5.8%	-1.2 (% pts)
No Union Coverage	93.1%	94.2%	+1.2 (% pts)
Job Tenure:			
Less than 1 Year	49.7%	44.0%	-5.7 (% pts)
1 to 5 Years	36.4%	39.1%	+2.7 (% pts)
Over 5 Years	13.9%	16.9%	+3.0 (% pts)
Education Level⁴:			
Less than High School	45.1%	32.0%	-13.1 (% pts)
High School Diploma	32.4%	42.2%	+9.9 (% pts)
Post-Secondary Credential	22.5%	25.8%	+3.2 (% pts)
Occupation:			
Sales & Service Workers	74.6%	72.9%	-1.7 (% pts)
All Other Occupations	25.4%	27.1%	+1.7 (% pts)
Industry			
Retail Trade	38.7%	36.9%	-1.8 (% pts)
Accommodation and Food Services	23.7%	25.3%	+1.6 (% pts)
All Other Industries	37.6%	37.8%	+0.2 (% 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 Labour Force Survey definitions where the education level is the highest level of education completed.

2019 New Brunswick Minimum Wage Report

Section 3 – Canadian Comparisons

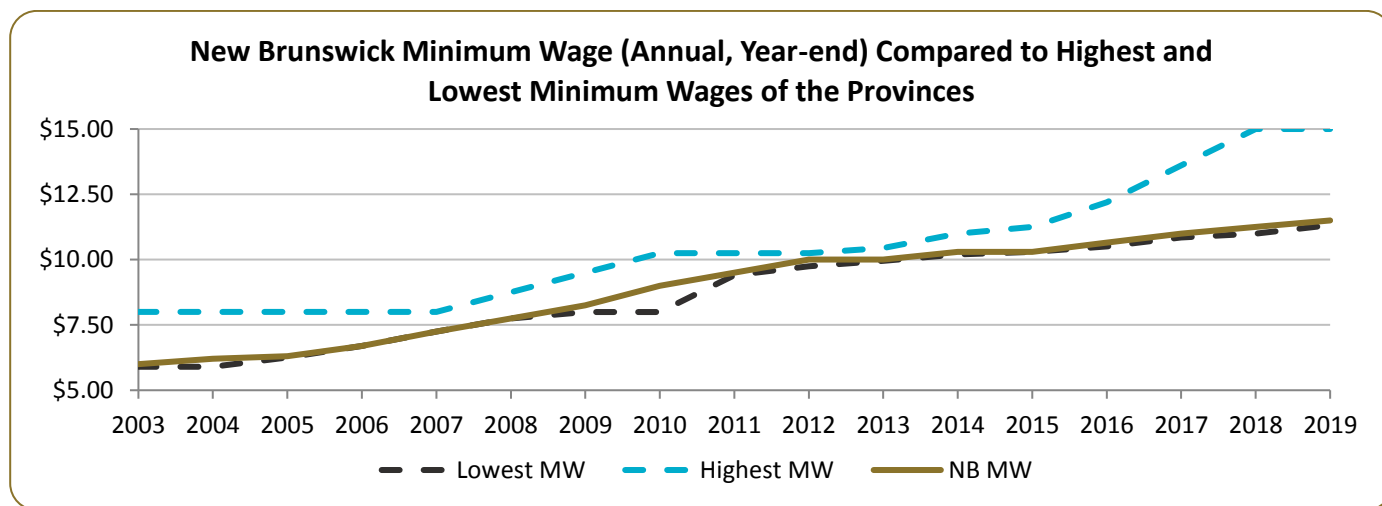
3.1 Minimum Wage Rates in Canada

As of July 1, 2019, New Brunswick's minimum wage was the fourth lowest (tenth highest) among Canadian provinces and territories.

Minimum Wage by Province as of July 1, 2019

Jurisdiction	Minimum Wage as of July 1, 2019
Alberta	\$15.00
Ontario	\$14.00
British Columbia	\$13.85
Northwest Territories	\$13.46
Nunavut	\$13.00
Yukon	\$12.71
Quebec	\$12.50
Prince Edward Island	\$12.25
Nova Scotia	\$11.55
New Brunswick	\$11.50
Newfoundland and Labrador	\$11.40
Manitoba	\$11.35 ⁵
Saskatchewan	\$11.06 ⁶

Source: ESDC Minimum Wage Database



Source: ESDC Minimum Wage Database

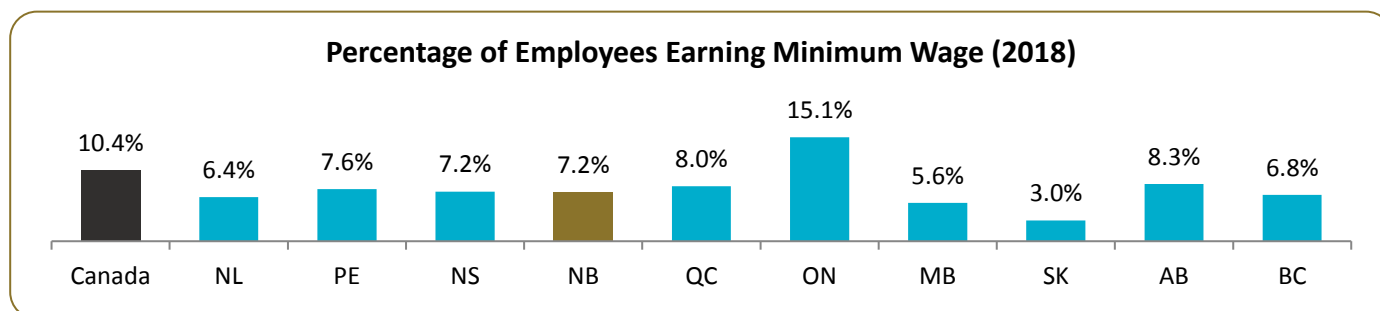
⁵ Manitoba's minimum wage rate is scheduled to increase to \$11.65 on October 1.

⁶ On October 1 of each year, this rate increases based on the average of the percentage change in the Consumer Price Index and the percentage change in average hourly wage for Saskatchewan during the previous year. Minimum wage increases are subject to Cabinet approval.

2019 New Brunswick Minimum Wage Report

3.2 Percentage of Employees Earning Minimum Wage

While most provinces (including New Brunswick and the other Atlantic Provinces) saw between 6% and 8% of their employees earning minimum wage in 2018, there were a few notable outliers. In Ontario, 15.1% of employees earned minimum wage in 2018. On the other hand, only 3.0% of employees earned minimum wage in Saskatchewan (the province that had the lowest minimum wage in 2018) in 2018.



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

The relatively high percentage of employees earning minimum wage in Ontario in 2018 was more than double the percentage that was seen in the province in 2017, with this increase being primarily driven by the significant increase to the province's minimum wage on January 1, 2018 (+\$2.40). Likewise, Alberta, which has historically had one of the lowest shares of employees earning minimum wage, has seen their share of minimum wage earners rise over the past few years, driven by increases to their minimum wage rate as well. These changes, especially in Ontario, contributed significantly to a substantial increase to the percentage of employees earning minimum wage at a national level.

In New Brunswick, after the percentage of employees earning minimum wage peaked in 2012 (following a series of six increases to the minimum wage between 2009 and 2012), it saw a noticeable decline between 2012 and 2015. During this time, the minimum wage in the province was only increased once, by \$0.30 per hour. Since that time, the percentage of employees earning minimum wage in the province has rebounding slightly, coinciding with small, inflationary increases to the minimum wage rate in recent years.

Percentage of Employees Earning Minimum Wage for Selected Province (2012 to 2018)

Geography	2012	2013	2014	2015	2016	2017	2018
Canada	7.2%	6.9%	7.2%	7.1%	6.9%	6.5%	10.4%
Atlantic Canada	9.0%	6.8%	6.0%	6.5%	6.6%	7.2%	7.1%
New Brunswick	9.7%	8.0%	6.7%	6.0%	6.6%	7.2%	7.2%
Ontario	9.6%	9.3%	10.9%	10.6%	9.2%	7.4%	15.1%
Alberta	1.9%	1.8%	1.9%	2.7%	4.5%	6.2%	8.3%

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

2019 New Brunswick Minimum Wage Report

Section 4 – 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.

Year-over-year, the price of consumer goods in New Brunswick increased by 2.1%. This was in line with both the increases that were seen at both the national (2.3%) and Atlantic (+2.0%⁷) levels. Since 2009, CPI has increased by an average of 1.9% 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 alcoholic beverages and tobacco products, which have seen their prices increase quite dramatically in recent years (particularly tobacco products), and clothing and footwear, which have seen their prices change very little since the late-1990s.

Change in CPI by Product Group (New Brunswick)

New Brunswick Total CPI and Product Groups	Year-over-Year Change (2017-2018)	10-Year Average Annual Change ⁸ (2009-2018)	Basket Weights in 2017
Food	+1.3%	+2.1%	17.0%
Shelter	+2.2%	+1.5%	22.0%
Household operations, furnishings and equipment	+1.0%	+1.9%	14.7%
Clothing and footwear	+0.5%	+0.6%	5.1%
Transportation	+4.0%	+2.4%	23.0%
Health and personal care	+1.6%	+0.9%	4.8%
Recreation, education and reading	+1.8%	+1.4%	10.0%
Alcoholic beverages and tobacco products	+3.7%	+4.9%	3.4%
All-items	+2.1%	+1.9%	100.0%

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

⁷ CPI for Atlantic Canada was calculated as the average of the CPI values of the four individual provinces, weighted based on population.

⁸ Represents the compound annual growth rate of CPI

2019 New Brunswick Minimum Wage Report

Section 5 – Economic Conditions

Following the beginning of the recession in 2008-2009, both Canada and New Brunswick saw a year-over-year reduction in real Gross Domestic Product (GDP)⁹. Today, roughly ten years later, the impact of the recession continues to be felt by the provincial economy. Since 2009-2010, New Brunswick's real GDP growth has trailed the national average every year, with the exception of 2015/2016. Furthermore, employment in the province has decreased in seven of the past ten years. Between 2008 and 2013, New Brunswick's unemployment rate increased from 8.5% to 10.3%; however, the province's unemployment rate has decreased steadily since. The lack of employment growth during this time suggests that this has been largely due to individuals leaving the labour force (e.g. retirements, etc.), rather than being the result of job creation. In 2018, the unemployment rate in New Brunswick was 8.0%.

Real GDP Growth for Selected Geographies (2007/08 to 2017/18)

Geography	07/08	08/09	09/10	10/11	11/12	12/13	13/14	14/15	15/16	16/17	17/18
Canada	+1.0%	-2.9%	+3.1%	+3.1%	+1.8%	+2.3%	+2.9%	+0.7%	+1.1%	+3.0%	+1.8%
Atl. Canada	+0.5%	-3.5%	+3.3%	+1.2%	-2.0%	+1.5%	+0.0%	+0.1%	+1.6%	+1.5%	-0.2%
NB	+0.8%	-1.4%	+2.0%	+0.3%	-1.1%	-0.3%	+0.1%	+0.7%	+1.4%	+1.8%	+0.1%

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

Note: Data is subject to revision

Employment Growth for Selected Geographies (2007/08 to 2017/18)

Geography	07/08	08/09	09/10	10/11	11/12	12/13	13/14	14/15	15/16	16/17	17/18
Canada	+1.4%	-1.7%	+1.4%	+1.5%	+1.3%	+1.5%	+0.6%	+0.8%	+0.7%	+1.9%	+1.3%
Atl. Canada	+1.1%	-0.9%	+0.8%	+0.9%	+1.1%	-0.1%	-0.9%	-0.4%	-0.7%	-0.2%	+1.0%
NB	+0.9%	-0.2%	-0.5%	-0.7%	-0.7%	+0.4%	-0.2%	-0.6%	-0.1%	+0.4%	+0.3%

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

Unemployment Rate for Selected Geographies (2008 to 2018)

Geography	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Canada	6.1%	8.3%	8.1%	7.5%	7.3%	7.1%	6.9%	6.9%	7.0%	6.3%	5.8%
Atl. Canada	9.3%	10.5%	10.7%	10.1%	10.3%	10.2%	10.0%	10.0%	10.0%	9.7%	9.2%
NB	8.5%	8.7%	9.2%	9.5%	10.2%	10.3%	9.9%	9.8%	9.5%	8.1%	8.0%

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

⁹ 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.