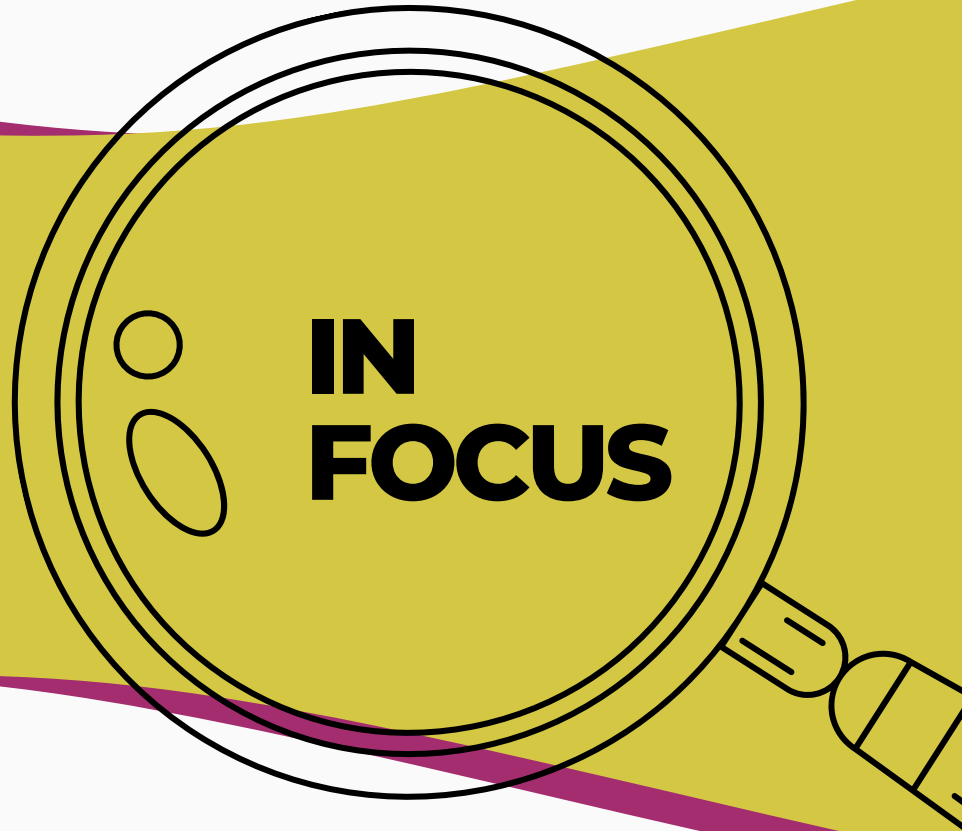




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NOVA SCOTIA OFFICE

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# Atlantic Canadians need a raise: One-third of workers earn less than \$20 an hour

**Christine Saulnier & Kenya Thompson**

Workers in the Atlantic provinces bring home some of the lowest wages in the country, and face a large gap between what they earn and what they need to earn to afford basic expenses. This “living wage gap” is only likely to be even greater once the 2024 living wage rates are calculated.

Minimum wages have historically been too low to allow workers to meet the basic cost of living, and this is made worse by recent inflation. In terms of minimum wages,<sup>1</sup> Nova Scotia has the third lowest provincial rate at \$15.20, despite having just increased by 20 cents in April 2024. As seen in Table 1, the other Atlantic provinces are not much further ahead.

**Table 1: Atlantic Provinces Living Wages and Minimum Wages**

Province	Region	Rates (2023)	Minimums (July 2024)
<b>NL</b>	Central	\$23.95	\$15.60
	Eastern	\$24.20	
	Western	\$23.80	
	Labrador-Northern Peninsula	\$26.80	
<b>NB</b>	Fredericton	\$24.50	\$15.30
	Saint John	\$23.35	
	Moncton	\$22.75	
	Bathurst	\$21.65	
<b>NS</b>	Annapolis Valley	\$25.40	\$15.20
	Cape Breton	\$22.85	
	Halifax	\$26.50	
	Northern	\$24.30	
	Southern	\$25.05	
<b>PEI</b>	Charlottetown	\$19.30 *2020	\$15.40

New Brunswick's minimum wage is ten cents higher, and Newfoundland and Labrador's is forty cents higher. Though the minimum wage in Prince Edward Island (PEI) is currently only twenty cents higher than Nova Scotia's, it will increase to \$16 on October 1st.

Crucially, these minimum wages fall far short of the most recently calculated living wage rates (summarized in Table 1). Calculated by assessing the costs an average household requires to cover all basic necessities, a living wage allows families to enjoy a decent quality of life and avoid severe financial stress. Based on these costs, which vary across Atlantic Canada, we can estimate the required hourly wage people need to make ends meet. In 2023, living wage rates ranged in Atlantic Canada from \$21.65 in Bathurst, New Brunswick,<sup>2</sup> to \$26.80 in Newfoundland and Labrador.<sup>3</sup> The highest living wages in Nova Scotia range from \$22.85 in Cape Breton to \$26.50 in Halifax.<sup>4</sup> The living wage rate for Charlottetown, PEI has not been updated since 2020 when it was \$19.30.<sup>5</sup>

Generally, minimum wages are set through political processes, driven by industry lobbying. As a result, increases in minimum wages do not keep pace with real changes in the cost of living. This is a problem. Governments need to recognize the wage as a foundational and minimal protection against exploitation, and look more closely at the real household costs faced by working families to make these decisions.

Some minimum wage calculations do now consider inflation. For example, Nova Scotia's twenty-cent increase on April 1st was based on the Minimum Wage Review Committee's current recommendation of an increase equal to the "national Canadian Price Index for the 2023 calendar year, plus an additional 1%.<sup>6</sup> There was a dissenting recommendation from one of the members of the Minimum Wage Review Committee, who rightly declared the formula did "not result in employees receiving fair compensation for their work."<sup>7</sup> Retroactively adjusting these inadequate base rates to inflation is not enough to support workers to get ahead—to afford the essentials, and share in the wealth they help to create through their work every day. In the words of one worker in Newfoundland and Labrador who, in consultation sessions during the CCPA-NS' Newfoundland and Labrador Living Wage assessment, shared their frustration and exhaustion: *"It seems unfair too that I have tried and tried and tried, and at this point, I still don't really get a reward, and that's the thing too, like, you go to work, you expect there'd be a reward at the end of the day."*<sup>8</sup>

**Table 2: Profile of Low Wage Workers, Atlantic Provinces, 2023\***

Employees earning \$20/ hour or less	Share (%)			
	NS	NL	NB	PEI
<b>Women</b>	56%	60%	54%	51%
<b>Full time jobs</b>	65%	67%	71%	72%
<b>Not Students</b>	82%	83%	86%	85%
<b>Over the age of 20</b>	85%	82%	85%	86%
<b>Permanent</b>	79%	76%	81%	74%
<b>Work at Firms with 100+ Employees</b>	55%	53%	52%	43%

\* Statistics Canada (2023), Labour Force Survey, PUMF data, calculations by Ryan Heasman.

### **One-third of workers in Atlantic Canada earn less than \$20**

Debates about the minimum wage often portray these workers as largely “teenagers” or “young people living at home.” This is a useful distraction for employers who want to keep wages as low as possible—but the reality is that many workers in Atlantic Canada earn little more than the minimum wage.

Statistics Canada data<sup>9</sup> reveal that 368,249 of workers in Atlantic Canada earn less than \$20 an hour, representing 34 per cent of workers, or one-third. This includes 154,825 workers in Nova Scotia (35 per cent), 114,170 in New Brunswick (33 per cent of workers), 27,167 in PEI (34 per cent), and 72,087 in Newfoundland and Labrador (33 per cent).

Contrary to what is often claimed, most workers earning a minimum wage are not students and are over the age of twenty—in fact, low-wage workers are more often than not employed in permanent, full-time roles. Low-wage workers are also more likely to be women. As also indicated in Table 2, according to Statistics Canada,<sup>10</sup> in all Atlantic provinces except PEI, over half of the workers who earn less than \$20 an hour work in firms of 100+ employees, easing concerns many have about hurting local “mom and-pop” small businesses.

According to Statistics Canada,<sup>11</sup> there are two industries with the largest proportion of their workers who earn less than \$20. The top industry is Accommodation and Food Services with over 80 per cent of workers in this industry earning \$20 an hour or less in every Atlantic province. The second industry with the highest percentage of workers paid \$20 or less is Retail Trade, with the percentage across all Atlantic provinces hovering around 70 per cent. Across the region, Business, Building and Other Support Services (which includes administrative support and waste management) has the third highest proportion of workers earning \$20 or less, except in Nova Scotia where 67 per cent of workers in Agriculture are paid \$20 or less an hour. For more details on each province, see the "Profile on Low-Wage Worker" fact sheets at the end of this document.

Low-wage workers include retail workers at our grocery stores, corner stores, restaurants and coffee shops, and workers who provide essential services in health care, education, administrative services and waste management.<sup>12</sup> They also include workers in the food and accommodations industry, and those who produce and provide services related to the media, arts, culture, heritage, sports, and recreation who foster creativity within our communities, and carry the region’s tourism industry in the busy summer months. All these workers contribute meaningful labour that sustains our regional economy—but nevertheless struggle to keep themselves and their families afloat.

### **The Need for a Significant Minimum Wage Increase**

For most provinces, minimum wages peaked in the late 1970s and then stagnated for many decades. What was worth \$20 in 1977 costs just over \$96 today.<sup>14</sup> A significant increase to the minimum wage would be a welcome stepping stone towards a better future for workers and their families.

Businesses that lobby against wage increases often claim such increases simply increase inflation and lead to job loss. However, since the 1990s, real-world evidence—not theoretical modelling or anecdotal stories—has shown the minimum wage has little to no effect on job loss.<sup>15</sup> As for inflation, businesses only transfer a fraction of the increase in labour costs to higher prices; the increase is largely dependent on demand and supply, and not just a simple cause-and-effect relationship. Both costs and employment levels are overwhelmingly determined by broader macroeconomic factors. Businesses must also weigh their decisions based on their ability to recruit and retain employees, as well as their customers—businesses that keep wages low and stagnate risk dampening the very consumer demand they need.<sup>16</sup> Also, better employee retention, which can save business costs, is one of many potential economic benefits of higher minimum wages, along with higher rates of worker productivity.<sup>17</sup> A recent analysis of the impacts of a significant minimum wage increase found employment grew even in sectors known for low wages and precarious work; overall unemployment fell, and wages rose, with significant gains for racialized workers in particular.<sup>18</sup> Raising the minimum wage represents a key measure that can tackle high rates of income inequality, and reduce gender and racial inequalities as these populations disproportionately perform this work.

We cannot underestimate the positive impacts that providing workers with a decent wage and standards has on workers' health<sup>19</sup> and their ability to bring their best to the workplace—nor can we underestimate the negative impacts of a low-wage economy on government revenue and expenses and on our society.<sup>20</sup> The costs of poverty in any economy are steep,<sup>21</sup> resulting in higher costs for our healthcare system, criminal justice system, and other social supports. Increasing the minimum wage ultimately reduces administrative burdens on the tax and transfer system to redistribute funds, resulting in additional earnings for all workers, and greater spending power for them to stimulate the economy. Robust minimum wage policies also increase workers' overall earnings, boosting the incomes of low-wage workers who struggle to afford essentials and experience negative long-term impacts on educational opportunities and, as a result, employment outcomes.<sup>22</sup>

In a recent submission to a review of minimum wage by Newfoundland and Labrador's provincial government, CCPA-NS recommended a \$20 minimum wage, because the existing "base amount of the current minimum wage does not sufficiently reflect the cost of living as captured by the living wage calculations."<sup>23</sup>

A \$20 minimum wage would be an important market reset to the base rate, narrowing the gap between minimum and living wages.

### **Supporting Low Wage Workers**

A lower-wage economy can lead to rising income inequality, slower growth, and lower productivity.<sup>24</sup> Combating these effects is crucial to ensuring Atlantic Canada's prosperity. Yet, we know it will take more than just increasing the minimum wage to ensure decent work across the region and ensure everyone has access to what they need to enjoy a good quality of life.

Workers deserve decent employment conditions, including paid sick leave, more vacation time, and strong health and safety protections. The lower the wage, the more likely a job is to be insecure and not come with benefits. An increase in wages must be accompanied by stronger labour standards, and investments in oversight to ensure their implementation. Nova Scotia falls short on critical minimal standards to protect workers from exploitation compared to other jurisdictions across the country; workers across the province work the longest regular work week at 48 hours, for example.<sup>25</sup> Additionally, over half (54%) of workers in Nova Scotia do not have access to paid sick leave— only 20% of workers in accommodation and food services have access to paid sick leave. In Nova Scotia, just 31% of workers who earn less than \$25,000 are able to access it. Similar trends likely exist in the other Atlantic provinces because paid sick leave tends to be correlated with permanent, full-time, and unionized jobs.

An evaluation of the Atlantic provinces' labour standards, health and safety protections, and trade union rules is long overdue. As employment becomes more precarious, with unionization rates on the decline nationally and many working multiple jobs in the ever-expanding gig economy, it is critical that provincial governments ensure workers' rights are protected by robust legislation and regulations.

Too many Atlantic Canadians also face housing and food insecurity amidst rising rental and food prices, and struggle to meet basic needs. Governments must massively invest in affordable non-market housing and expand access to public services (such as health care, child care, and public transportation) to help lessen the cost-of-living burden.

Raising the minimum wage for workers would have cascading positive impacts on local economies across the Atlantic region. Our provincial leaders must work to ensure workers are treated better, and supported with higher minimum wages, pay equity, and robust labour protections to foster healthier and safer working conditions across all sectors.

The time to act was decades ago, and the evidence is clear. It's high time Atlantic Canadians get the raise they deserve.

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The CCPA-NS office is located in K'jipuktuk in Mi'kma'ki, the unceded, unsurrendered ancestral land of the Mi'kmaq people. We recognize that we are all treaty people and have responsibilities to each other and this land.

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- <sup>9</sup> Statistics Canada (2023), Labour Force Survey, PUMF data, calculations by Ryan Heasman.
- <sup>10</sup> Statistics Canada (2023), Labour Force Survey, PUMF data, calculations by Ryan Heasman.
- <sup>11</sup> Statistics Canada (2023), Labour Force Survey, PUMF data, calculations by Ryan Heasman. For a detailed breakdown of each province’s top 5 industries with the highest concentration, see each provincial fact sheet.
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# Nova Scotia



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## Low Wage Workers in Nova Scotia, 2023

Workers earning below \$15	13%
Workers earning \$20 or less	35%
Number of workers earning \$20/hr or less	154,825
Total Paid Employees	440,793

## Which industries have the highest percentage of workers paid \$20 or less?

Accommodation and Food Services	83
Retail Trade	70
Agriculture	67
Business, Building and Other Support Services	62
Forestry and Logging	50

## Who are the workers paid \$20 or less an hour?

Women	56%
Not Students	82%
Over the age of 20	85%
Where do they work?	
Work at Firms with 100+ Employees	55%
What kind of jobs?	
Full time jobs	65%
Permanent	79%

# New Brunswick



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## Low Wage Workers in New Brunswick, 2023

Workers earning below \$15	10%
Workers earning \$20 or less	33%
Number of workers earning \$20/hr or less	114,170
Total Paid Employees	348,881

## Which industries have the highest percentage of workers paid \$20 or less?

Accommodation and Food Services	84
Retail Trade	69
Business, building and other support services	62
Agriculture	54
Fishing, hunting, and trapping	47

## Who are the workers paid \$20 or less an hour?

Women	54%
Not Students	86%
Over the age of 20	85%
Where do they work?	
Work at Firms with 100+ Employees	52%
What kind of jobs?	
Full time jobs	71%
Permanent	81%

# Prince Edward Island



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## Low Wage Workers in Prince Edward Island, 2023

Workers earning below \$15	10%
Workers earning \$20 or less	34%
Number of workers earning \$20/hr or less	27,167
Total Paid Employees	80,325

## Which industries have the highest percentage of workers paid \$20 or less?

Accommodation and Food Services	82
Retail Trade	71
Business, building and other support services	66
Agriculture	57
Information, Culture and Recreation	53

## Who are the workers paid \$20 or less an hour?

Women	51%
Not Students	85%
Over the age of 20	86%
Where do they work?	
Work at Firms with 100+ Employees	43%
What kind of jobs?	
Full time jobs	72%
Permanent	74%

# Newfoundland and Labrador



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## Low Wage Workers in Newfoundland and Labrador, 2023

Workers earning below \$15	12%
Workers earning \$20 or less	33%
Number of workers earning \$20/hr or less	72,087
Total Paid Employees	218,182

## Which industries have the highest percentage of workers paid \$20 or less?

Accommodation and Food Services	85
Retail Trade	75
Business, building and other support services	50
Information, Culture and Recreation	48
Forestry and Logging	46

## Who are the workers paid \$20 or less an hour?

Women	60%
Not Students	83%
Over the age of 20	82%
Where do they work?	
Work at Firms with 100+ Employees	53%
What kind of jobs?	
Full time jobs	67%
Permanent	76%