



Daniel Mills  
Deputy Minister, Department of Post-Secondary Education, Training & Labour  
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Email: labour-travail@gnb.ca

**Re: Feedback on the minimum wage rate in New Brunswick**

October 20, 2022

Dear Deputy Minister Mills,

The New Brunswick Federation of Labour is the largest central labour body in the province, representing 40 000 members; 19 different unions, 336 locals and 6 district labour councils. Founded over 100 years ago, the New Brunswick Federation of Labour (NBFL) has a long history of promoting the adoption and implementation of progressive labour and social legislation, policies and programs.

The New Brunswick Federation of Labour is pleased to submit its views and recommendations as part of the statutory biennial review on the minimum wage rate in New Brunswick.

**Is the current minimum wage rate appropriate?**

No, the current minimum wage rate of \$12.75, soon to be \$13.75, is a poverty-level wage.

As indicated in the April 2022 Government of New Brunswick Minimum Wage Report, New Brunswick remains on the lower end of minimum wage rates in Canada. About half of Canadian jurisdictions have a minimum wage rate of \$15.00 per hour and above. This same report

demonstrates how the purchasing power of minimum wage earners has eroded over time.<sup>1</sup> The New Brunswick Federation of Labour is pleased that the Government of New Brunswick recognized this fact by making two adjustments to the minimum wage rate, above increases in the Consumer Price Index (CPI).

We should be striving for more than raising minimum wage to its 1976 purchasing power though. This year will be particularly difficult for low wage earners with inflation at hovering at 7.4%. Essential items are particularly affected. From August 2021 to August 2022, the cost of food rose by 10%, shelter rose by 6.4%, transportation rose by 13.2% and the cost of energy rose 20.3%.<sup>2</sup>

We should be working towards lifting these low-wage earners out of poverty. This means that low-income earners must earn a wage where they can provide for their basic needs.

The *Human Development Council* publishes an annual analysis of what is a living wage for various communities throughout New Brunswick. A living wage is defined as: "...an hourly rate that two full-time workers require to meet the basic needs of their household. This rate of pay differs based on the cost of living in a specific community."<sup>3</sup>

The latest data, for 2021, shows that a living wage in New Brunswick ranged from \$17.50 per hour in Bathurst to \$21.20 per hour in Fredericton.<sup>4</sup> It averages out to approximately \$20.00 per hour in the province.

The New Brunswick Federation of Labour recommend raising the minimum wage to \$20.00 per hour. This rate brings the minimum wage rate within the range of what is considered a living wage in New Brunswick. It should also be indexed to increases in the CPI. This will have the effect of lifting about 41% of workers, over 130,000<sup>5</sup> New Brunswick low-wage earners, out of poverty.

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<sup>1</sup> 2022 *New Brunswick Minimum Wage Report* available at: [2022-04-22-LMI-MW-Report-EN.pdf](https://www.fednb.ca/2022-04-22-LMI-MW-Report-EN.pdf).

<sup>2</sup> Statistics Canada "CPI by product group, monthly, percentage change, not seasonally adjusted, Canada, provinces, Whitehorse, Yellowknife and Iqaluit":

<https://www150.statcan.gc.ca/t1/tbl1/en/tv.action?pid=1810000413&pickMembers%5B0%5D=1.9&cubeTimeFrame.startMonth=08&cubeTimeFrame.startYear=2022&referencePeriods=20220801%2C20220801>.

<sup>3</sup> APEC Policy ViewPoint "Should Everyone Earn at Least a Living Wage?" Page 2.

<sup>4</sup> Human Development Council "Living Wages in New Brunswick 2021, November 2021: <https://sjhdc.ca/wp-content/uploads/2021/11/Living-Wages-in-New-Brunswick-2021.pdf>.

<sup>5</sup> APEC Policy ViewPoint "Should Everyone Earn at Least a Living Wage?" Apec calculated New Brunswick's living wage at \$18.13 per hour. 40.9% of workers make less than this wage in New Brunswick.

The NBFL understands that going from a \$13.75 to a \$20.00 minimum wage is a significant jump. Given the urgent need to assist New Brunswickers as they struggle of meeting their basic needs as the costs of essential goods continues to rise, the NBFL recommends that this wage adjustment happen over two years. For example:

<b>IMPLEMENTATION DATE</b>	<b>MINIMUM WAGE RATE</b>
<b>OCTOBER 2022</b>	\$13.75 / hour
<b>APRIL 2023</b>	\$15.25 / hour
<b>OCTOBER 2023</b>	\$16.75 / hour
<b>APRIL 2024</b>	\$18.25 / hour
<b>OCTOBER 2024</b>	\$20.00 / hour

Profile of Minimum Wage Earners

The profile of minimum wage workers shows the need to ensure the minimum wage is a liveable wage.<sup>6</sup> Most low-wage earners in New Brunswick are over the age of 20 (a majority of them women). The minimum wage workforce is experienced, with over half of workers having worked from one to over 5 years. They are also educated, 30 per cent with a high school diploma and 30 per cent have post secondary credentials. Many minimum wage workers are the sole breadwinner in their family, 34 per cent live with a spouse or partner who is not employed. Also, the vast majority of minimum wage earners, 97 per cent, are not unionized.

We also know, many of those earning minimum wage are working in jobs deemed essential during the COVID-19 crisis. These workers deserve wages and benefits that recognize their innate dignity and reflect the importance of their work.

Cost of Living

Currently New Brunswick has its minimum wage rate adjustments tied to the cost of living. If the government does not proceed to raise the minimum wage to the recommended \$20.00 per hour, then it should at least be raised above the annual inflation rate to ensure that these workers do not fall further and further behind.

As previously mentioned, inflation is hovering at 7.4%, at levels we have not seen for 40 years. This is leading to an affordability crisis and is affecting the costs of many essential goods, such as shelter, food, transportation, and energy.

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<sup>6</sup> 2022 New Brunswick Minimum Wage Report available at: [2022-04-22-LMI-MW-Report-EN.pdf \(nbjobs.ca\)](https://www.nbjobs.ca/2022-04-22-LMI-MW-Report-EN.pdf).

## Is the method of adjusting the minimum wage effective?

No, the NBFL recommends several changes to improve the effectiveness of the method used to adjust the minimum wage. Currently Section 10 of the *Employment Standards Act* reads:

10(1) Every two years after December 31, 2014, the Minister shall complete a review of the amount of the minimum wage, the manner in which minimum wage is determined and the timeline for any changes to it.

10(2) In conducting a review under subsection (1), the Minister shall

(a) consider the social and economic effects of minimum wage rates in the province, including

(i) data respecting the demographics of employees earning minimum wage, including age and gender,

(ii) any cost of living increase since any previous order or regulation, with respect to the cost to an employee of purchasing the necessities of life, including but not limited to housing, food, clothing, transportation and health care and supplies, and

(iii) economic conditions within the province; and

(b) consult with representatives of employers and employees, and any other person the Minister considers appropriate.

The NBFL recommends reviewing the minimum wage on an annual basis. Currently it is only reviewed every two years. We also recommend that factors relating to poverty and a living wage be added to section 10(2) of the *Employment Standards Act*. The review criteria currently being used by the Minister are too narrow.

The NBFL also recommends more public input into the minimum wage review process. Since 97 per cent of minimum wage earners are not unionized, it is important for the review process to be fully public. This will ensure that workers have the opportunity to advocate on their own behalf as part of the minimum wage review process.

Also, New Brunswick should follow PEI's lead and ensure that there is an equal number of employer and employee representatives on its minimum wage board. The NBFL recommends that New Brunswick even go a step further and democratically elect a minimum wage board composed of an equal number of employer and employee representatives.

## **Should the minimum wage rate in other Atlantic provinces be a factor in New Brunswick's minimum wage adjustments?**

All four Atlantic Canadian provinces have similar minimum wages, ranging from \$13.20 to \$13.75 per hour.

Given the affordability crisis and employers' worker recruitment and retention problems, New Brunswick should aim to have the highest minimum wage of all Atlantic provinces. Setting the minimum wage at \$20.00 per hour would make New Brunswick an attractive place to live and work and could lead to more population growth over time.

## **Is setting the minimum overtime rate at 1.5x the minimum wage (for hours worked beyond 44 hours in a week) effective?**

No, employers should be required to pay 1.5 times the actual rate of pay and not just 1.5 times the minimum wage. Also, the NBFL recommends that the overtime rate apply to hours worked beyond 40 hours per week.

## **Conclusion**

Minimum wage earners face other challenges, in addition to their economic insecurity. Minimum wage jobs often do not include benefits such as health insurance, pension and paid sick days. Less than five percent of minimum wage earners are unionized. Non-unionized workers only have minimal employment standards for their protection. These workers deserve some of the same basic protections that are provided to unionized workers.

The New Brunswick Federation recommends, that in addition to raising the minimum wage rate over the next two years, that the Department of Post Secondary Education, Labour and Training must revise the *Employment Standards Act* to include the following minimum labour standards for all workers, including minimum wage earners:

- ✓ Pay overtime hours at time-and-a-half of the employee's regular wages. Overtime must be paid after 40 hours of work per week rather than the current 44 hours per week.
- ✓ Provide ten paid sick-leave days per year. No worker should fear losing their job as a result of getting ill or go into work when they are sick.
- ✓ Make sure that employers supply free uniforms to employees who are required to wear them on the job.

- ✓ Make it easier for workers to join a union.

On behalf of the 40,000 members of the NBFL, I thank you for this opportunity and would be happy to meet to discuss our recommendations further.

Sincerely,

A handwritten signature in black ink, appearing to read 'Daniel Legere', with a stylized flourish at the end.

Daniel Legere  
President

*JD/ Unifor 4501*