

making business better



BC's

Minimum Wage:

Getting to 15

The Business Perspective on Increasing BC's Minimum Wage

from the Burnaby Board of Trade

making business better



About the Burnaby Board of Trade

The Burnaby Board of Trade (BBOT) is the city's most active business networking, advocacy and economic development organization.

Established in December 1910, the mission of the BBOT is to improve business by providing its membership with insightful leadership, advocacy, education and a platform for collaboration.

Representing 1,100 businesses, organizations and entrepreneurs from Burnaby and across the Lower Mainland, the BBOT works to ensure the priorities and concerns of our members are heard and understood by governments, elected officials, and governmental agencies at all levels.

For updates on our recent policy and advocacy activities, visit BBOT.ca/Advocacy

making business better



BC's Minimum Wage - BBOT Position Summary

Burnaby businesses are not opposed to minimum wage increases in principle--including to \$15 per hour--but they have concerns with ensuring increases are implemented in a slow, steady and predictable manner, and that there is consideration and mitigation of the potential 'knock-on' inflationary effects all along the wage scale.

This is why the BBOT supported linking increases in the minimum wage to the CPI (see sidebar) as it provides business with predictability around changes in labour costs which helps them plan for future business activities.

With input from a poll of its members and from its member-driven committees, the BBOT will be cautioning the provincial government's new Fair Wages Commission on the speed with which the minimum wage is increased and its impacts on other wage levels as the Commission develops recommendations on how to get BC to a \$15 per hour minimum wage.

Areas to be Addressed

- Speed of the Minimum Wage Increases
- Knock-On Inflationary Effects on Other Wages

BC's Minimum Wage:

Where We Are Now

British Columbia's minimum wage is currently set at \$11.35 per hour and had been subject to annual increases each September which are pegged to the consumer price index (CPI), a statistical estimate of inflation.

The BBOT supported tying the minimum wage to the CPI.

Recently the provincial government struck a Fair Wages Commission to determine how to increase the minimum wage to \$15 per hour.

The Fair Wages Commission is currently holding consultations on how best to raise BC's minimum wage to \$15 per hour

BC's Minimum Wage: Getting to 15

making business better



BC's Minimum Wage

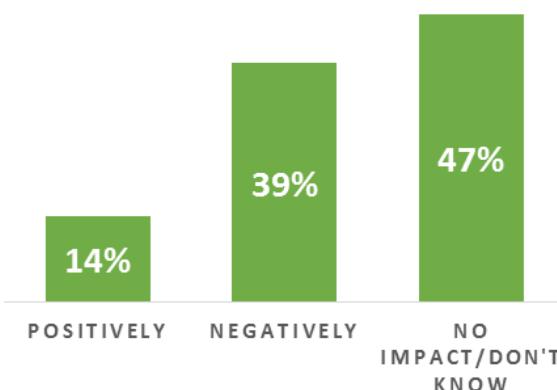
In a poll of its membership, the BBOT found its members split on their support of increases to the minimum wage, with a slight majority in favour:

57% of respondents support the current plan to link minimum wage to the CPI and 53% support an increase to \$15 per hour within the next few years.

Reasons for support varied but largely focused on addressing the increasing cost of living in the region and providing lower-wage workers with additional income to help support them and to potentially spend in the local economy.

However, many members did also voice concern with the implementation of the

increases and the potential impact on their business. In fact, 39% of overall respondents reported that minimum wage increases would have a negative impact on their business, a response which jumped to 60% when asked only of those business which currently pay minimum wage today.



Through consultations with its members, the BBOT has identified the speed at which the increases are implemented, and their potential "knock-on" effect along the wage scale as two issues for business which should be addressed and mitigated.

"Nobody who works for me makes minimum wage now, but they do make less than \$15, so I'll have to increase their wages."

"At the same time, this will make for more money in consumers' pockets and I think that will have a positive effect on my business."

It's complicated."

– BBOT Member Survey Response

BC's Minimum Wage: Getting to 15

making business better



The ‘Knock-On’ Effects of Minimum Wage Increases

Of particular concern to the Burnaby Board of Trade is the “knock-on” inflationary impact that a dramatic increase in the minimum wage could have, a point that is rarely mentioned in the discussion of this issue.

Should the minimum wage be significantly increased, businesses would likely experience pressure to make commensurate increases to the rest of the wage scale, inflating labour costs across the board. In fact, 60% of respondents to the BBOT’s member survey believe that wages of other employees would be subsequently raised were the minimum wage to go up to \$15 per hour.

“A jump to \$15 will be hard to absorb, and will also put pressure on the wages of junior to mid-level staff who currently earn in the \$18-23/hour range.”

– BBOT Member Survey Response

Potential ‘Knock-On’ Effects Across the Wage Scale If Hourly Wage Increased by Same Percentage as \$15/hour Increase



The BBOT shares the concern that the wages of those currently making \$15 per hour and up could be rapidly inflated as the minimum wage increases. While the discussion around minimum wage increases often focuses on the impacts of raising the \$11.35 per hour wage to \$15, there is little consideration for the impacts of the \$15 per hour worker being increased by a similar percentage to what would be over \$19. This impact should be recognized and ways to mitigate it, such as reductions in fees or taxes elsewhere, implemented.

BC’s Minimum Wage: Getting to 15

making business better



The Speed of Minimum Wage Increases

The BBOT was supportive of the approach to peg the minimum wage to the CPI, which provided the business community with steady, predictable increases. Businesses depend on predictability when planning finances, setting budgets, or making investment decisions. In addition, linking minimum wage increases to the CPI helps reduce the influence politics has on the process and makes the increase decision more transparent.

The BBOT does not recommend setting an arbitrary, aggressive deadline for reaching a target of a \$15 per hour as this may lead to a series of rapid increases in order to achieve it. Instead, minimum wage increases should be regularly scheduled over several years as to allow businesses time to plan, adjust and prepare for increased labour costs.

BC's minimum wage has increased 42% over the past six years since the first increase to the \$8 minimum wage in 2011. Businesses, particularly small businesses and those companies in sectors which operate with small margins, often have little latitude to deal with rapidly increasing labour costs beyond cutting staff or raising prices, and few businesses would survive if they increased prices by a comparable 42% in such a short time.

"I do support increasing the minimum wage, but I believe it should be spread out over several years...We need time to adapt to it and the increase schedule should be made known ahead of time."

– BBOT Member Survey Response

While in general, the BBOT recommends a series of slow, annual increases over many years, it will continue to engage with its members, as well as with the Fair Wages Commission and the provincial government, on exactly what an appropriate implementation schedule could be.

BC's Minimum Wage: Getting to 15

making business better



BC's

Minimum Wage:

Getting to 15

The Business Perspective on Increasing BC's Minimum Wage

from the Burnaby Board of Trade