

Businesses will have to adjust to new minimum wage - but at what cost?

By Brian Lockhart

More than a million Canadians work at minimum wage jobs ? around eight per cent of the country's work force.

The rate varies depending on where you live from a low of \$10.85 in Nova Scotia to Alberta where the minimum wage is set to increase to \$15.00 in October.

In Ontario, the General Minimum wage rose to \$14.00 on January 1, and is scheduled to go up to \$15.00 next year.

The wage varies for students and people who work as liquor servers.

The rapid increase in Ontario has people on both sides of the issue weighing in on the good and the bad side of raising the minimum amount you can pay someone.

Previously the government kept minimum wage increases somewhat in line with the cost of living but this sudden increase is unprecedented in Ontario.

?This increase was too much to fast for business to react to it,? said Nick Lumia, Communications and Policy analyst at the Dufferin Board of Trade. ?Previously it (minimum wage increases) was tied to the Consumer Price Index.?

The Dufferin Board of Trade and other related organizations across the province were opposed to the the increase in such a short period of time.

?We were in opposition when this bill was announced,? Lumia said. ?We met with our members ? now we are seeing the consequences of this bill. Retail and the service industry will be the most effected. Each business is evaluating their situation.

Businesses that can adjust will do so.?

While the Ontario government's stance is that people making extra money will put that money back into the economy, others think it will lead to fewer hours for employees, fewer businesses hiring and in some cases elimination of jobs through automation.

The effects of automation are already being seen with the use of automatic customer checkouts and an ordering system at some restaurants that eliminates the process of actually going to the counter to place your order.

While making a couple of dollars extra per hour may be good thing, the positive impact on the economy doesn't seem to pan out.

?It's not just an opinion,? Lumia said. ?What we have is an independent analysis that was done. Businesses will have to find a way to structure around this and it will have a significant impact. Now we have to give recommendations to government to help businesses to stay competitive. It's our job to make sure we keep the government accountable.?

The wage increase has only been in place for a month. It will take a while, along with the next increase set to take place next year to determine the final impact on both small business and the employees who may or may not benefit from an increased hourly wage.