

BC's Minimum Wage Increase: The Impact on Small Businesses

BC's minimum wage rises to \$18.25 on June 1. For independent businesses already stretched thin, the full cost is bigger than it looks.

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Beginning on June 1, 2026, the minimum wage in British Columbia will increase from \$17.85 to \$18.25 per hour. Tied automatically to the province's average monthly inflation rate from the previous year, this 2.1% increase positions B.C. as having one of the highest minimum wages in Canada.

The Ministry of Labour frames this as a predictable measure to support the lowest-paid workers during an affordability crisis. For businesses across the province, it means a real and immediate shift in operating costs, and for small and independent businesses already operating on thin margins, it adds yet another layer of financial pressure.

WHAT'S ACTUALLY CHANGING?

In 2024, the Employment Standards Act was amended so that B.C.'s minimum wage now rises automatically each year based on the previous year's average inflation rate. For 2026, that means:

- The minimum wage rises 40 cents, from \$17.85 to \$18.25 per hour, effective June 1.
- The same 2.1% increase applies to resident caretakers, live-in camp leaders, live-in home-support workers, and app-based ride-hailing and delivery workers.
- To protect farmers mid-season, the increase for hand-harvesting specified crops is delayed until December 31, 2026.

According to provincial data, approximately 141,300 employees across BC earned the minimum wage or less in 2025, all of whom will see their hourly rates adjusted on June 1.

WHY SMALL BUSINESSES ARE CONCERNED

A common misconception is that a 40-cent wage hike only affects a business's lowest-paid employees. In reality, the ripple effects move up the entire pay scale and touch parts of the business that most owners don't immediately think about.

1. The Wage Ladder Effect

When the legal baseline rises to \$18.25, entry-level wages aren't the only ones that move. A shift supervisor earning \$20.00 an hour will reasonably expect a raise to maintain the gap that reflects their experience and responsibilities. That expectation is fair, and ignoring it risks morale and retention. The result is that a minimum wage increase often forces businesses to raise wages across the board, not just at the bottom.



2. Every Dollar of Payroll Contains Hidden Fees

It's not just an extra 40 cents an hour. Every increase in base wages triggers a corresponding rise in mandatory employer costs tied to gross payroll:

- **CPP and EI:** Higher wages mean higher employer-matched Canada Pension Plan and Employment Insurance contributions.
- **WorkSafeBC Premiums:** These are calculated as a percentage of total payroll, so they rise in step with wages.
- **Paid Time Off:** BC's five mandated paid sick days and stat holidays are calculated as a percentage of regular wages, meaning every absent shift costs more as base pay increases.

3. The PST Expansion Compounds the Problem

The timing makes things harder. On October 1, 2026, B.C. will broaden its 7% PST to cover business-to-business professional services, including accounting, bookkeeping, and payroll management. These are costs most businesses can't avoid.

Together, the wage increase and the PST expansion land within months of each other, leaving businesses with less revenue to reinvest, hire, or grow. For larger organizations, this is a planning challenge. For smaller ones, it can tip the balance.

4. Small Businesses Face a Steeper Climb

This is where the pressure concentrates. Large corporations can absorb cost increases through economies of scale, and many have already invested heavily in automation and self-checkout technology to reduce their reliance on hourly labour. An independent retailer or family-run restaurant doesn't have that cushion. They can't easily reduce staffing costs through capital investment, and raising prices risks pushing price-sensitive customers toward larger competitors who can afford to hold the line.

WHAT THIS MEANS ON THE GROUND

Across B.C., independent business owners are already making difficult adjustments. Many are capping part-time hours to keep payroll steady, which means workers end up with less take-home pay despite the higher rate. Others can't justify the cost and time of training inexperienced workers, effectively closing off entry-level opportunities. Some are choosing not to hire at all, covering extra shifts themselves instead.

While indexing the minimum wage to inflation offers predictability on paper, it shifts the cost of inflation onto business owners and particularly onto independent operators who can't spread that cost across hundreds of locations or pass it to shareholders. For them, each annual adjustment isn't just a line item. It's a decision point about whether to stay open, stay staffed, and stay viable.

