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Manitoba's Living Wage Update 2023

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Introduction

WITH THE HIGH inflation and associated rising cost of essentials Manitobans have been struggling with over the last two years, it will come as little surprise that the 2023 Update to Manitoba's Living Wage comes with an increase in the wage required for a Manitoba family to meet their basic needs.

Manitoba's 2022 annual inflation rate was 7.8 percent, the second-highest annual inflation rate among Canadian provinces.¹ High inflation in Manitoba was driven principally by increases in the cost of transportation, shelter costs, and the rising price of food. Shelter and transportation cost increases in Manitoba were above the national average in Manitoba. Inflation in Winnipeg (7.8 percent) was the second highest among Canada's sixteen major cities.

The increase in the living wage however has not increased at the same rate as inflation. While the cost of living is a key determinant, the living wage is also impacted by changes in taxes, transfers and government support for essential services. The major factor to influenced the 2023 living wage in this respect was the introduction of the federal \$10-per-day childcare program in 2022. The introduction of \$10-per-day child care fees brought down the monthly expenses for a living wage household by between \$200 and \$222 per month across Winnipeg, Brandon, and Thompson. Without the introduction of this program, the living wage for 2023 would have been far higher. While the introduction of this program provides significant cost savings for working-class families with young children who can access regulated childcare spaces, the program is far from universally accessible. Manitoba was one of the first provinces to implement \$10-per-day child care fees, but

the province has been slow to expand spaces in line with the federal funding agreement. Child care deserts persist across the province, and waitlists remain years long.² As of November 2023, the Child Care Coalition of Manitoba reports that the province has delivered 1,535 of the 23,000 childcare spaces promised under the Canada-Wide Early Learning and Child Care Agreement, leaving over 21,000 spaces to be delivered by 2026.

On the tax and transfer front, it is also notable how little the living wage families benefited from highly publicized provincial tax cuts and rebates supposedly aimed at making life more affordable for Manitobans. While the living wage calculations exclude one time payments, it does incorporate permanent tax cuts and ongoing rebate programs. Despite cuts to income and school taxes, all three living wage families saw their provincial income taxes increase. This is not surprising, since tax cuts provide the largest benefits to high-income and wealthy households, while working-class households see little to no benefit. One of the main storylines of this year's update is that enhancements to universal social programs providing essential services lead to genuine improvements in the cost of living, while the benefits of tax cuts simply do not trickle down to those families who need support the most.³

The results of the 2023 living wage update again point to the inadequacy of provincial income supplements to support working-class families. A working family seeking to cover the basic expenses set out in our living wage framework was able to access the Manitoba childcare subsidy or Rent Assist in only one of the six living wage scenarios. In the other five scenarios, living wage families had to earn a wage that disqualified them from the childcare subsidy or Rent Assist in order to cover expenses for necessities such as food, rent, and transportation. The low eligibility thresholds for these programs creates a perverse outcome in which working families who seek higher wages to cover rising expenses lose their eligibility for provincial programs. The large loss of income due to losing benefits forces these families to require an even higher wage to make up the difference. This is a dynamic akin to walking a knife edge between earning an income high enough to cover expenses while not losing eligibility for government income transfers. Manitoba's new government has the capacity to create a more progressive tax-and-transfer system that reduces income supplements at a gradual rate in order to support working families as their employment situation changes. For more information on how this can be achieved see *Funding Our Way: Rebalancing Revenues and Spending for a Fair and Prosperous Manitoba*.⁴

CCPA-MB research shows that minimum wage workers in Manitoba are increasingly educated, established in their jobs, and older than they were

ten years ago.⁵ These findings indicate that minimum wage workers more frequently support families. In 2019, almost half of minimum wage workers were over 25 years of age, nearly a third had a post-secondary degree, and another third were married or living common law.⁶ Despite significant increases in the minimum wage, from \$11.95 per hour in October 2021 to \$15.30 per hour in October 2023, a growing number of working families are using foodbanks today. Harvest Manitoba reports that 40 percent of their clients in 2023 were employed, a 66 percent increase over the previous year.⁷ Allowing employers to offer poverty wages promotes health and social issues within our communities as workers and those they care for are subjected to chronic stress and food insecurity. The costs of poverty wages are ultimately subsidized by the public through added stress on our healthcare system and other social supports. Minimum wage increases between 2021 and 2023 have shown us that businesses can adjust to minimum wage increases, with provincial unemployment remaining low throughout this period.⁸ Now is the time for Manitoba to eliminate working poverty by adopting a living wage as the minimum wage.

What is a Living Wage?

THE LIVING WAGE is the hourly rate at which a household can meet its basic needs once government transfers have been added to the family's income (such as the Canada Child Benefit) and deductions have been subtracted (such as income taxes and Employment Insurance premiums). The full details of the calculation methodology are spelled out in CCPA MB's 2022 Living Wage calculation guide, available at www.policyalternatives.ca/manitoba.

The living wage is based on:

- A family of two parents with two children aged four and seven. According to the 2021 census, couples head 71.6 percent of families with children in Manitoba and 28.4 are single-parent families.⁹
- Both parents work full-time, at 35 hours per week.
- Estimated family expenses in 10 categories (listed on the following page).
- The cost of government deductions (provincial and federal taxes, Employment Insurance premiums and Canada Pension Plan contributions).
- The value of government transfers like the Canada Child Benefit.
- Employers providing minimal paid vacation and sick time.

This methodology follows the model for living wage calculations used across the country, with 25 communities in Canada calculating their local living wage based on this approach. The living wage gets families out of severe financial stress by lifting them out of poverty and providing a basic level of economic security. But it is also a conservative, bare-bones budget without the extras many of us take for granted.

A Bare Bones Budget – Portrait of a Living Wage Family’s Expenses in Winnipeg

At \$19.21 per hour in Winnipeg – or \$35,058 annually for each parent working full-time – here’s what a family of four could afford:

- **FOOD:** \$1,022/month (based on Statistics Canada’s Market Basket Measure food component).
- **CLOTHING AND FOOTWEAR:** \$173/month (based on Statistics Canada’s Market Basket Measure clothing and footwear component).
- **SHELTER:** \$1813/month (includes the median rent estimate for a three-bedroom unit, utilities and contents insurance).
- **TRANSPORTATION:** \$611/month (includes the amortized cost of owning and operating a used car and one adult monthly bus pass).
- **CHILD CARE:** \$413/month (a four-year-old in full-time care year-round, save for weekends, statutory holidays, a seven-year-old in before and after school care, and full-time care for summer break, in-service days and winter/spring break).
- **PRIVATE HEALTH INSURANCE:** \$206/month (the cost of basic extended health and dental plan from Manitoba Blue Cross).
- **PARENTS’ EDUCATION:** \$166/month (estimated cost of two university courses per year for one parent).
- **CONTINGENCY FUND:** \$224/month (the equivalent of two weeks wages for each parent to provide some cushion for unexpected expenses like a serious illness to a family member, transition time between jobs, etc.)

A LIVING WAGE IS:

Based on the principle that full-time work should provide families with a basic level of economic security, not keep them in poverty.

The living wage provides the income required for a family of four with two parents working full-time to pay for necessities, support the healthy development of their children, escape financial stress, and participate in their social, civic and cultural lives.

Winnipeg: \$19.21/hour

Brandon: \$15.69/hour

Thompson: \$17.48/hour

- OTHER HOUSEHOLD EXPENSES: \$1060/month (covers personal care, furniture, kitchen or household supplies, internet connection, cell phone and minimal recreation).

The living wage does not cover:

- Credit card, loan, or other debt/interest payments;
- Saving for retirement;
- Owning a home;
- Savings for children's future education;
- Anything beyond minimal recreation, entertainment, or holiday costs;
- Costs of caring for a disabled, seriously ill, or elderly family member;
- Much of a cushion for emergencies or tough times.

The living wage calculation is based on the needs of two-parent families with young children. It supports a mix of family types throughout the life cycle. The living wage is designed so young adults are not discouraged from having children, and older workers have some extra income as they age.

The living wage for a single parent with one child is significantly higher. Single-parent families face obvious challenges. Shelter, transportation and childcare expenses are inflexible and having two incomes to cover such expenses goes a long way. A discussion on single-parent families is included for each city in this report.

The living wage methodology uses the annual inflation rate to calculate the living wage. Therefore the expenses outlined in *Table 1* reflect price increases that occurred up to the end of 2022.

Explaining the 2023 Living Wage Update

Winnipeg Family Living Wage

The 2023 family living wage for Winnipeg is \$19.21/hour, an 87 cent or 5 percent increase from the \$18.34/hour 2022 living wage.

Overall monthly expenses for the two-parent, two-child family increased by \$117 over the last 12 months. This increase in expenses is attributable to increases in the cost of food, shelter, and transportation. The living wage family's monthly food bill increased by \$92 in 2022, or 10%, monthly rent increased by \$80, and transportation costs increased by \$62 per month, or 11%. Similar to previous living wage reports, shelter remains the largest expense category for the living wage family, at 32 percent of the household monthly budget.

The introduction of \$10 per day childcare resulted in a \$222 reduction in monthly childcare costs. This 35 percent reduction in the childcare portion of the monthly household budget helped offset the increase in other household expenses. With that said, access to regulated childcare spaces needs to be rapidly expanded across Manitoba in order to ensure households can access \$10-per-day childcare (Macdonald and Friendly 2023). According to research from the Child Care Coalition of Manitoba, the province needs to open 21,146 new publicly licensed childcare spaces by 2026 to meet commitments made when the Canada-wide Early Learning and Childcare Agreement was signed in 2021.

TABLE 1 Monthly Expenses for Winnipeg: 2 Parent – 2 Child Family

Category	2022	2023	Percentage Change
Food	\$930	\$1,022	10%
Clothing/footwear	\$171	\$173	1%
Shelter	\$1,733	\$1,813	5%
Transportation	\$549	\$611	11%
Other	\$982	\$1,060	8%
Childcare	\$635	\$413	-35%
Private health insurance	\$198	\$206	4%
Parent's education costs	\$159	\$166	4%
Contingency fund (2 weeks' salary)	\$214	\$224	4%
TOTALS	\$5,571	\$5,686	2%

Once again, the living wage family earns an income that makes them ineligible for income-tested programs such as the provincial childcare subsidy, GST credit, or Rent Assist. Ineligibility for these provincial programs further increases the market income needed for the living wage family to cover household expenses, again underlining the inadequacy of these programs to support low-income families in Winnipeg. The higher living wage also resulted in a \$29 monthly reduction in Canada Child Benefit (CCB) payments.

Winnipeg Single Parent Living Wage

The living wage for a single-parent with one-child living in Winnipeg increased by 18 cents from \$25.28 an hour in 2022 to \$25.46 in 2023. Similar to the two-parent, two-child family the increase in expenses for the single-parent living wage family was driven by the rising cost of food, rent, and transportation, but the effects of these cost increases were moderated by \$10-per-day childcare. Monthly expenses for food, transportation, and shelter increased by \$48, \$37, and \$61 respectively. Meanwhile, the reduction in monthly childcare fees completely offset the \$203 per month increase in the cost of basic necessities. The living wage still increased in 2023 because the reduction in childcare fees, which are tax deductible, increased the total taxable income for the single-parent living wage family, slightly increasing the market income required to cover expenses.

Like in 2022, the single-parent living wage family in Winnipeg does not qualify for provincial childcare subsidies or Rent Assist. Federal transfers

from the Canada Child Benefit, GST credit, and the Climate Action Incentive increased by \$5. Both of our Winnipeg sample families show how provincial benefit programs such as Rent Assist, and the child care subsidy phase out at a relatively low income, forcing families to seek employment income well beyond the minimum wage in order to keep up with the rising costs of food, rent, and transportation.

Brandon Family Living Wage

The 2023 living wage for a Brandon two-parent, two-child family remains nearly unchanged at \$15.69/hour, an increase of 3 cents relative to the 2022 living wage (\$15.66). As with living wage families in Winnipeg, the Brandon living wage families household budget showed increased costs for food, rent, and transportation offset by reductions in childcare fees. For the Brandon family, the cost of food increased by \$89 per month, rent by \$22 per month, and transportation costs increased by \$61 per month. These cost increases were mitigated by a \$222 per month reduction in childcare fees. The difference in the living wage between Brandon and Winnipeg is due primarily to the difference in the cost of renting an apartment. According to the Canadian Mortgage and Housing Corporation’s 2023 Rental Market Report, which is used to derive the shelter costs for the living wage, the average rent for a three-bedroom apartment in Brandon is \$1445 per month, \$368 below the \$1813 average rent for a two-bedroom in Winnipeg.

TABLE 2 2022 vs. 2023 Monthly Expenses for Brandon: 2 Parents, 2 Children

Category	2022	2023	Percentage Change
Food	\$898	\$987	10%
Clothing/footwear	\$171	\$173	1%
Shelter	\$1,423	\$1,445	2%
Transportation	\$545	\$605	11%
Other	\$956	\$1,031	8%
Childcare	\$635	\$413	-35%
Private health insurance	\$198	\$206	4%
Parent’s education costs	\$159	\$166	4%
Contingency fund (2 weeks’ salary)	\$183	\$183	0%
TOTALS	\$5,167	\$5,209	1%

Once again, the Brandon two-parent, two-child family does not qualify for Rent Assist or childcare subsidy. Federal transfers from the CCB, GST credit, and the Climate Action Incentive increased by \$10 per month for the Brandon two-parent, two-child family.

Brandon Single-Parent Living Wage

The 2023 living wage for a single-parent with one-child living in Brandon is \$13.53/hour, a 65 cent decrease from \$14.18/hour in 2022. This is the second year in a row that increases in the cost of necessities such as food, rent, and transportation have been more than offset by increases in government support for the single-parent living wage family in Brandon. Living expenses for a single-parent family in Brandon grew by \$187 per month between 2022 and 2023, with the largest increases being a \$47 per month increase in food costs, \$22 per month for rent, and \$61 per month for transportation. These increases were offset by a \$202 decrease in childcare costs.

In 2023 the single-parent living wage family in Brandon qualified for the provincial childcare subsidy and Rent Assist, with total provincial income support increasing by \$21 per month. Federal support also increased by \$24 per month. Our sample single-parent family in Brandon illustrates the alternate side of the “knife’s edge” between earning an income high enough to cover expenses while not losing eligibility for government income transfers. Because the Brandon single-parent family qualifies for Rent Assist and the childcare subsidy, the employment income required to meet their needs is far lower.

Thompson Family Living Wage

The 2023 living wage for Thompson’s two-parent, two-child family is \$17.48, up 5% from 2022, when it was \$16.63.¹⁰ Unsurprisingly, the increase in costs for the Thompson living wage family was driven by rising grocery and fuel prices, which added \$89 per month and \$61 per month to the food and transportation expenses in the monthly budget respectively. Rent for the Thompson living wage family increased by \$22 per month. Once the \$222 reduction in childcare fees was accounted for, the Thompson living wage family experiences a net monthly cost increase of \$83 per month.

TABLE 3 2022 vs 2020 Monthly Expenses for Thompson: 2 Parents, 2 Children

Category	2022	2023	Percentage Change
Food	\$898	\$990	10%
Clothing/footwear	\$233	\$236	1%
Shelter	\$1,233	\$1,255	2%
Transportation	\$519	\$579	12%
Other	\$1,344	\$1,450	8%
Childcare	\$635	\$413	-35%
Private health insurance	\$198	\$206	4%
Parent's education costs	\$159	\$166	4%
Contingency fund (2 weeks' salary)	\$194	\$204	5%
TOTALS	\$5,413	\$5,499	2%

The two-parent, two-child family in Thompson saw a reduction in government transfers of \$66 per month, and once again does not qualify for the Manitoba childcare subsidy or Rent Assist.

Thompson Single Parent Living Wage

The single-parent caring for one-child in Thompson requires the by far the largest living wage increase among the Manitoba family types studied. The 2023 living wage for a single-parent family in Thompson increased by 21% between 2022 and 2023, from \$20.91 to \$25.35. This increase is due primarily to a large increase in the average rental price for a two-bedroom apartment in Thompson, which increased by \$196 from \$995 to \$1191 per month. Along with the rising cost of food and transportation, the total increase in these basic expenses for the single-parent family in Thompson was \$311, before a \$202 reduction in monthly childcare fees.

Due to the higher employment income required to meet these expenses, the single-parent family in Thompson will lose \$278 per month in federal and provincial income transfers. Both CCB and GST payments were reduced, and the family no longer qualifies for Rent Assist.

Endnotes

- 1** Manitoba Bureau of Statistics. “Consumer Price Index Manitoba: Annual Supplement, 2022”, January 2023.
- 2** Macdonald, David, and Martha Friendly. “Not Done Yet: \$10-a-day child care requires addressing Canada’s child care deserts.” Canadian Centre for Policy Alternatives: Ottawa. May 2023.
- 3** Hajer, Jesse, Niall Harney, and David Macdonald. 2023. “Funding Our Way: Rebalancing Revenues and Spending for a Fair and Prosperous Manitoba.” Canadian Centre for Policy Alternatives: Winnipeg. November 2023.
- 4** Hajer, Jesse, Niall Harney, and David Macdonald. 2023. “Funding Our Way: Rebalancing Revenues and Spending for a Fair and Prosperous Manitoba.” Canadian Centre for Policy Alternatives: Winnipeg. November 2023.
- 5** Hajer, Jesse and Ellen Smirl. 2020. “Surviving on Minimum Wage: The Lived Experiences of Manitoba Workers and Policy Implications”. Canadian Centre for Policy Alternatives: Winnipeg. August 2020. <https://policyalternatives.ca/publications/reports/surviving-minimum-wage>
- 6** Ibid
- 7** Harvest Manitoba. 2023. “Harvest Voices 2023”. Winnipeg. November 2023. harvestmanitoba.ca/stories/harvest-voices-2023/#:~:text=Harvest%20Voices%202023%20amplifies%20the,that%20no%20Manitoban%20goes%20hungry.
- 8** Manitoba Bureau of Statistics. 2023. “Labour Force Survey
- 9** <https://www12.statcan.gc.ca/census-recensement/2016/as-sa/98-200-x/2016006/98-200-x2016006-eng.cfm>
- 10** Due to methodological changes in the accounting of the Northern Allowance, the 2022 living wage for Thompson is higher than initially reported in the 2022 update.



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