

Calculations for
“Austerity, the economy and COVID-19: Manitoba Government
creating, not solving problems”

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Reductions estimated:

[1. Government wage savings under work share proposals](#)

[2. Labour Income Reduction in Manitoba](#)

[3. Reduction in GDP due to the other 750M in cuts.](#)

[4. Total Income Tax Revenues Lost](#)

[Summary - Total losses](#)

Losses from Wage Cuts and additional \$750M in other spending
Loss in Labour Income from wage cut
Loss in Labour Income from \$750 million in other (general government expenditure) cuts
Total Loss in Labour Income
Loss in income tax from wage cut
Loss in income tax from \$750 million in other (general government expenditure) cuts
Total loss in income tax revenue:
Loss in GDP from wage cut
Loss in GDP from \$750 million in other (general government expenditure) cuts
Total

Government Workers Pay Scenarios	
3 days paid (2 on EI)	2 days paid (3 on EI)
\$ 396	\$ 594
\$ 585	\$ 585
\$ 981	\$ 1,179
\$ 63	\$ 95
\$ 94	\$ 94
\$ 157	\$ 189
\$ 472	\$ 708
\$ 818	\$ 818
\$ 1,289	\$ 1,525

Government wage savings based on workshare - 4 month period (1/3 of year)

(in millions)	From TB: 50% of all salaries	3 days paid (2 day layoff)	2 days paid (3 day layoff)
ORE	\$ 4,000	\$ 533	\$ 800
Civil Service	\$ 500	\$ 67	\$ 100
Total:	\$	600	\$ 900

Public Service Reductions: Economy wide labour income and income tax impacts

Based on workshare plan and assumption that workers on EI get 55% of their income
(in millions)

	3 days paid (2 on EI)		2 days paid (3 on EI)	
% of income maintained		78%		67%
% of income lost		22%		33%
total annual salaries targeted (50% of total)	\$	4,500	\$	4,500
4 months of salaries targeted	\$	1,500	\$	1,500
Savings to MB Government in Wage	\$	600	\$	900
Loss in salaries to workers under work sharing scheme	\$	330	\$	495
Labour income multiplier		1.2		1.2
Total labour income lost to Manitoba	\$	396	\$	594
Labour income MB tax revenue multiplier		16%		16%
Provincial Income Tax Revenue lost	\$	63	\$	95

Impact of \$750 Million in non-wage expenditure cuts

(in millions)

Cuts proposed:

GDP multiplier

Reduction in GDP

Labour income cuts

3 days paid (2 on EI)

\$ 330

1.43

\$ 472

Labour income multiplier for general government expenditure

Labour income reduction

Labour income MB tax revenue multiplier

Additional Income Tax Revenue loss

Other general government expenditure cuts

2 days paid (3 on EI)

\$	495	\$	750
	1.43		1.09
\$	708	\$	818

	0.78
\$	585
	16%
\$	93.6

Percentage of salaries maintained under worksharing program

Assume all workers get 55% from EI under workshare scheme

	M	Tu	
2 days paid (3 on EI)		100%	100%
3 days paid (2 on EI)		100%	100%

Total estimated wage bill (TB slides) \$ 9,000,000,000

Average Salary \$ 59,598

For entire estimated wage distribution	M	Tu	
2 days paid (3 on EI)		100%	100%
3 days paid (2 on EI)		100%	100%

For average worker \$59,598	M	Tu	
2 days paid (3 on EI)		100%	100%
3 days paid (2 on EI)		100%	100%

For \$75,000 worker	M	Tu	
2 days paid (3 on EI)		100%	100%
3 days paid (2 on EI)		100%	100%

for \$100,000 worker	M	Tu	
2 days paid (3 on EI)		100%	100%
3 days paid (2 on EI)		100%	100%

for \$150,000 worker	M	Tu	
2 days paid (3 on EI)		100%	100%
3 days paid (2 on EI)		100%	100%

W	Th	F	% of salary remaining	
	55%	55%	55%	73%
	100%	55%	55%	82%

W	Th	F	% of salary remaining	
	45%	45%	45%	67%
	100%	45%	45%	78%

W	Th	F	% of salary remaining	
	50%	50%	50%	70%
	100%	50%	50%	80%

W	Th	F	% of salary remaining	
	40%	40%	40%	64%
	100%	40%	40%	76%

W	Th	F	% of salary remaining	
	30%	30%	30%	58%
	100%	30%	30%	72%

W	Th	F	% of salary remaining	
	20%	20%	20%	52%
	100%	20%	20%	68%

Public sector employment, average salaries estimates	2019
Provincial general government	\$78,889
Health and social service institutions	\$53,393
Universities, colleges, vocational and trade institutions	\$61,598
Local school boards	\$50,283
Provincial government business enterprises	\$81,022
Subtotal: Non-general Government Employment*	\$56,467
Total:*	\$59,598
EI Maximum insurable earnings	\$54,200
Estimated percent of earnings from EI for entire MB public sector**	45%

*Based on weighted average of size of workforce in component subsectors

** Assumes wage distribution follows exponential distribution with cumulative probability distribution for
 Estimated based on: Statistics Canada [Table 14-10-0064-01](#) and [Table 10-10-0025-01](#)

of incomes above r : $C(r) = e^{-r/R}$, where r is individual income and R is average income.