



Canadian Centre for
Policy Alternatives
Manitoba Office

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Living Wage for Manitoba Update 2020 - Summary

CPA MB puts out regular updates of the living wage in Manitoba, ensuring it reflects changes in the cost of living. Because the living wage is tied to how much it costs to live in a particular community, we calculate that wage in Winnipeg, Brandon and Thompson.

The CCPA MB living wage is calculated as 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 (CCB), and deductions have been subtracted (such as income taxes and Employment Insurance premiums). So we consider much more than net wages, recognizing the significant value families derive from government programs and transfers: as they improve, the living wage comes down. Conversely, if governments reduce transfers or services that families rely on, the living wage has to increase.

Our 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. See the *Canada Living Wage Framework* for more details.

The living wage calculation is based on the needs of two-parent families with young children, but would also support a mix of family types so that young adults are not discouraged from having children and older workers have some extra income as they age.

We first lay out what basic needs are:

- Food
- Clothing and footwear
- Shelter
- Transportation

- Child care
- Private health insurance
- Contingency fund for periods of illness or job loss
- Other household expenses
- Education costs for one parent to upgrade education (on a part time basis).

It's a bare bones budget that 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

Winnipeg: Two-parent two-child family

The 2020 family living wage for Winnipeg increased by \$1.61 to \$16.15/hour — up 11.1 per cent from the \$14.54/hour in 2016. Expenses went up 12.5 per cent from 2016, almost double the increase in inflation during the same period. Food and shelter are the largest expenses. Shelter had the highest percentage increase, with median rents going up more than 17 per cent. This increase added \$2,716 per year to our living-wage family's rent. Food costs went up more than 15 per cent, adding \$1,431 to the family's annual food bill.

As in 2016, the family does not receive the provincial Rent Assist benefit or a provincial childcare subsidy. This is the case for all our two-parent two-child families in all three cities.

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Winnipeg: One-parent, one-child family

The living wage in Winnipeg for a one-parent, one-child family went up from \$17.40 an hour to \$21.20 – a 21.8 per cent increase. Similar to the living wage family, the single-parent family saw annual shelter (\$1,864) and food (\$1,027) expenses increase faster than the rate of inflation.

Brandon: Two-parent two-child family

The 2020 living wage for a Brandon two-parent/two-children family is \$14.19/hour – a 2.5 per cent decrease from \$14.55 in 2016.

While facing some of the same cost increases as the Winnipeg family, a key difference is the much more modest rent increases in Brandon, with shelter costs increasing less than the overall inflation rate. This leads to a much smaller increase of total expenses than we saw in Winnipeg, which is in turn more than offset by the much larger federal CCB compared to previous child benefit programs available in 2016.

Brandon: One-parent – one-child

The living wage for the single-parent, one-child family in Brandon is \$14.44/hour. This is down from \$16.98/hour in 2016 – a 15 per cent decrease. This decrease is primarily the result of a higher CCB, allowing the living wage to come down so that the family now qualifies for much more under the Rent Assist program, over \$1,100 under the enhanced Canada Workers Benefit and a modest provincial childcare subsidy.

Thompson: Two-parent two-child family

The 2020 family living wage for Thompson's 2 parent/2 children family is \$14.27, down 6.6 per cent from 2016 when it was \$15.28. The living wage family in Thompson saw a decrease in their shelter rates, with monthly rents for 3-bedroom apartment falling by almost \$100 per month. This, combined with the much higher CCB is what drives the fall in the Thompson living wage.

Thompson: One-parent – one-child

The living wage for the Thompson single parent, one-child family decreased from \$17.58 in 2016 to \$14.93 in 2020, a 15.1 per cent decrease. As in Brandon, the large decrease in the living wage is because the much higher federal CCB lowered the living wage so the family can access more under Rent Assist, and qualifies for over \$1,200 from the enhanced Canada Workers Benefit and a provincial childcare subsidy of nearly \$2,000 per year.

Not just wages

The labour market alone cannot solve all problems of poverty and social exclusion. Our standard of living is a combination of pay, income supports and accessible public services that reduce costs for families.

Direct government transfers can put money into the pockets of low-income families. The more generous these transfers are, the less a family requires in wages to achieve a decent quality of life. The introduction of the Canada Child Benefit in 2016 shows how big an impact government transfers can have.

Covid-19 and the living wage

Some may wonder if the middle of a pandemic is the right time to implement a living wage, especially with some businesses struggling to stay afloat. It is important to remember that higher disposable income for wage earners will play an important role in economic recovery, so the degree to which employers and government collaborate on a living wage strategy is crucial.

Investments in new and renewed social services as part of a just recovery can also support living wages. For example, a publically-funded and regulated child care system would create decent jobs, allow parents to keep working, and lower family expenses.

In a time of slow economic growth, it is particularly important that public sector employers (such as municipalities, school boards, health authorities and universities) and financially healthy private sector companies sustain and enhance the earnings of low-income families who in turn spend most of their income in their communities.

Lynne Fernandez is a co-author of the new report [A Family Living Wage for Manitoba: 2020 Update](https://www.policyalternatives.ca/publications/reports/family-living-wage-manitoba-1) with Jesse Hajer and Michael Apata.

It is available here:

<https://www.policyalternatives.ca/publications/reports/family-living-wage-manitoba-1>