

# MANITOBA LIVING WAGE

Update 2022



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## Acknowledgments

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# Manitoba Living Wage Update 2022

THE 2022 MANITOBA Living Wage Update comes at a critical moment for workers in this province. The economic volatility witnessed thus far in 2022 is placing financial pressure on low-wage workers, forcing many to make impossible choices between food, shelter, and other essential goods.

The annual inflation rate in Canada topped 8.1 percent in June 2022, the highest year-over-year increase since 1983.<sup>1</sup> The largest contributors to a high rate of inflation are the rapidly rising costs families pay for necessities like energy, food, and shelter. Recent global supply shocks, increased corporate profit margins, and the war in Ukraine are impacting energy and food prices. An inadequate supply of low-rent housing has pushed up rents for low-income families across the province for years.<sup>2</sup> With a recession looming, the time has come for a living wage for Manitoba's low-wage workers.

The experience of this latest economic recovery has further underlined that the market cannot be relied upon to bring low-wage workers out of poverty. Widespread labour shortages during the spring and summer of 2022 give low-wage workers some bargaining power to demand significant wage increases. Any wage increases, however, were quickly eaten up by increases in the rate of inflation. The Bank of Canada has turned to interest rate hikes as its primary policy tool to reduce inflation. This blunt instrument, reduces prices by placing downward pressure on workers' wages, and if continued as planned, is almost certain to induce a recession.

Many Manitobans can relate to the frustration of working harder only to fall further behind. Manitoba continues to have the second lowest minimum wage in Canada, keeping wages low for the lowest paid workers and forcing more households into poverty. A poverty minimum wage is bad public policy, as families who work for low wages must sacrifice necessities to make ends meet, leading to chronic stress and long-term health issues. With the potential for a recession on the horizon, a low minimum wage will increase poverty across the province.

CCPA-MB research reveals that in Manitoba minimum wage workers are increasingly educated, established in their jobs, and older compared with ten years ago.<sup>3</sup> These findings indicate that minimum wage workers more frequently support families, which contradicts assertions that minimum wage workers are teenagers working their first jobs. In 2019, almost half of minimum wage workers were over 25, nearly a third had a post-secondary degree, and another third were married or living common law.<sup>4</sup> In many cases, adults in the family are working long hours at multiple jobs to make ends meet. Surviving on the minimum wage was untenable before the pandemic and is certainly unsustainable now.

Given the economic pressures low-wage workers presently face, a living wage policy will help provide workers with the income required to avoid poverty. Manitoba should follow the lead of other Canadian provinces by significantly increasing its minimum wage in line with a living wage.

The living wage is based on the costs a household requires to meet their basic needs. Increasing the pay of low wage workers, for example through minimum wage hikes, is one way to bring households up to an acceptable standard of living, but provincial and federal programs that reduce the cost of living by increasing access to services also play a large role in creating a 'living wage' quality of life. Government transfers and new or expanded public services can lower the living wage by reducing the expenses households need to cover with their income from work. Transfers like the Canada Child Benefit, Rent Assist, and the GST credit can boost monthly income for working families and significantly reduce the wage required to escape poverty. The provision of public services such as affordable housing, low cost childcare, national pharmacare and dental coverage, free quality transit, and policies ensuring paid sick leave further shift costs off of individual families. The pandemic revealed that governments have significant power to invest in public services, boost incomes and reduce poverty.

The federal Liberal-NDP confidence-and-supply agreement has introduced policies that will moderate the living wage over the coming years. The federal

government has entered into bilateral agreements with provinces for a \$10 per day child care program. Plans are in motion to provide national dental care for modest-income families. Both programs should be expedited and fully implemented to reduce financial pressure on low-wage workers.<sup>5</sup> Funding for affordable housing development has been made available through the National Housing Strategy, but little of this funding targets low-income households.<sup>6</sup> Policies to reduce rents in Manitoba are needed to reduce pressure on low-income workers.

Alongside these programs, federal and provincial governments should immediately enhance benefits like Rent Assist, the GST Credit, and the Canada Child Benefit. These benefits are indexed to inflation and will increase, but a one-time top-up should be given to recipients while indexation catches up with inflation. A rising cost of living forces working families to walk a razor's edge between earning an income high enough to cover expenses while not losing their eligibility for government income transfers. In 2022 low eligibility thresholds will cause many families to lose access to benefits while still not making a wage sufficient to cover expenses.

### 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: \$18.34/hour

Brandon: \$15.66/hour

Thompson: \$16.25/hour

## 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](http://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 2016 census, couples head 65.9 percent of families with children in Manitoba, and nearly 21 are single-parent families.<sup>7</sup>
- 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 the GST Credit, Rent Assist, and childcare subsidies.

- 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 \$18.34 per hour in Winnipeg – or \$33,379 annually for each parent working full-time – here’s what a family of four could afford:

- **FOOD:** \$930/month (based on Statistics Canada’s Market Basket Measure food component).
- **CLOTHING AND FOOTWEAR:** \$171/month (based on Statistics Canada’s Market Basket Measure clothing and footwear component).
- **SHELTER:** \$1733/month (includes the median rent estimate for a three-bedroom unit, utilities and contents insurance).
- **TRANSPORTATION:** \$549/month (includes the amortized cost of owning and operating a used car and one adult monthly bus pass).
- **CHILD CARE:** \$635/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:** \$198/month (the cost of basic extended health and dental plan from Manitoba Blue Cross).
- **PARENTS’ EDUCATION:** \$159/month (estimated cost of two university courses per year for one parent).
- **CONTINGENCY FUND:** \$214/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.)

- OTHER HOUSEHOLD EXPENSES: \$982/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 prices increases that occurred up to the end of 2021, and do not include the large price increases seen so far in 2022.

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## Explaining the 2022 Living Wage Update

### Winnipeg Family Living Wage

The 2022 family living wage for Winnipeg is \$18.34/hour, a \$2.19 or 14% increase from the \$16.15/hour found in the 2020 estimation.

Overall expenses for the two-parent, two-child family increased 8% between the 2020 and 2022 reports. This is largely due to two factors: The rapidly rising cost of renting an apartment, going up by \$155 per month,

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

Category	2020	2022	Percentage Change
Food	\$890	\$930	5%
Clothing/footwear	\$174	\$171	-2%
Shelter	\$1578	\$1733	10%
Transportation	\$507	\$549	8%
Other	\$802	\$982	23%
Childcare	\$633	\$635	0%
Private health insurance	\$198	\$198	0%
Parent's education costs	\$149	\$159	7%
Contingency fund (2 weeks' salary)	\$188	\$214	14%
<b>TOTALS</b>	<b>\$5119</b>	<b>\$5571</b>	<b>9%</b>

and increases in the “other expenses”, including the inclusion of the cost of a mobile phone (a change made to be consistent with to the updated MBM method for calculating “other expenses”). Similar to previous reports, shelter remains the largest expense category for the living wage family. Costs, however, increased across nearly all categories, for a total increase in costs of nearly \$442 per month.

Given that expenses are up 9%, and the living wage has also gone up by 14%, the non-wage income (government transfers) being income tested saw a fall of 8%. Just like in 2016 and 2020, the 2022 family does not qualify for childcare subsidy or Rent Assist. Furthermore, due to the new higher living wage, families no longer qualify for the GST credit and now qualify for a lower Canada Child Benefit (CCB).

### Winnipeg Single Parent Living Wage

The living wage in Winnipeg for a one-parent, one-child family went up from \$21.20 an hour to \$25.28; a 19% increase. As with the two-parent, two-child family, this increase is largely due to the higher cost of renting an apartment and increases in the “other expenses” category. With the increase in the living wage required to meet rising costs, there is a decrease in government transfers, leading to a relatively large increase in living wage. Unlike the 2020 living wage, the one-parent family no longer benefits from the provincial Rent Assist program, for example.

Both of our Winnipeg sample families show how the rising cost of housing is driving up the necessary employment income needed to meet

basic needs, and how benefits programs such as Rent Assist, the Canada Workers Benefit, and Manitoba’s child care subsidy phase out at a relatively low income, leaving many families without support.

### Brandon Family Living Wage

The current living wage for a Brandon two-parent, two-child family is \$15.66/ hour; a 10% increase from \$14.19 in 2020. *Table 2* shows expenses over the period increased by 7%, the difference due to a reduction in government transfers, including the Childcare benefits and the GST credit.

The 2022 sample Brandon two-parent, two-child family again does not qualify for Rent Assist or childcare subsidy. Just as in the calculation in Winnipeg, the ‘other’ expense methodology was updated to match changes in the MBM and is driving the largest increase in costs. The more modest increase in the cost of renting an apartment in Brandon however, led to a smaller increase in the living wage, compared to Winnipeg.

### Brandon Single-Parent Living Wage

The living wage for the one-parent, one-child family in Brandon is \$14.18/ hour. This is down from \$14.44/hour in 2020, a 2% decrease. The decrease is largely due to modest increases in the cost of living being more than offset by increased government benefits, including a nearly \$150 increase per month in Rent Assist and nearly \$100 more per month in the Canada Workers’ Benefit, with both programs being made more generous since 2020. This also allowed

**TABLE 2** 2022 vs. 2020 Monthly Expenses for Brandon: 2 Parents, 2 Children

Category	2020	2022	Percentage Change
Food	\$859	\$898	5%
Clothing/footwear	\$174	\$171	-2%
Shelter	\$1,383	\$1,423	3%
Transportation	\$489	\$545	11%
Other	\$779	\$956	23%
Childcare	\$633	\$635	0%
Private health insurance	\$198	\$198	0%
Parent’s education costs	\$149	\$159	7%
Contingency fund (2 weeks’ salary)	\$166	\$183	10%
<b>TOTALS</b>	<b>\$4,829</b>	<b>\$5,167</b>	<b>7%</b>

the single-parent family in Brandon to qualify for a Manitoba childcare subsidy of approximately \$133 per month, further reducing the living wage.

Our sample single-parent family in Brandon illustrates how income-tested benefit programs help keep down the living wage required to meet the needs of lower-income families, when their income is low enough to qualify.

### Thompson Family Living Wage

The current family living wage for Thompson’s two-parent – two-child family is \$16.25, up 14% from 2020, when it was \$14.27. Although there is an 8% increase in expenses, as shown in *Table 3*, the higher income reduced the government transfers by 7%. *Table 3* shows that the change in ‘other’ expenses, as in Brandon, are mostly responsible for the increase in expenses. Like in 2016 and 2020, the 2022 Thompson family does not qualify for Rent Assist and childcare subsidy. Similarly, the increased living wage reduced the total government transfers.

### Thompson Single Parent Living Wage

The living wage for the Thompson one-parent, one-child family increased from \$14.93 in 2020 to \$15.77, a 6% increase. The increase is largely due to the sharp increase in “other” expenses, moderated by an increase in all government transfers. Overall, annual expenses for Thompson’s one-parent, one-child family increased by \$415 per month since 2020, while government transfers increased by \$218 per month.

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

Category	2020	2022	Percentage Change
Food	\$859	\$898	5%
Clothing/footwear	\$238	\$233	-2%
Shelter	\$1172	\$1233	5%
Transportation	\$481	\$519	8%
Other	\$1097	\$1344	23%
Childcare	\$633	\$635	0%
Private health insurance	\$198	\$198	0%
Parent’s education costs	\$149	\$159	7%
Contingency fund (2 weeks’ salary)	\$166	\$190	14%
<b>TOTALS</b>	<b>\$4993</b>	<b>\$5408</b>	<b>8%</b>

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## Endnotes

- 1 <https://www150.statcan.gc.ca/n1/daily-quotidien/220622/dq220622a-eng.htm>
- 2 <https://assets.cmhc-schl.gc.ca/sites/cmhc/professional/housing-markets-data-and-research/market-reports/rental-market-report/rental-market-report-2021-en.pdf?rev=a5aoeaac-6f70-4058-8aa3-e6d307685910>
- 3 Hajer, Jesse and Ellen Smirl. 2020. Surviving on Minimum Wage: The Lived Experiences of Manitoba Workers and Policy Implications. <https://policyalternatives.ca/publications/reports/surviving-minimum-wage>
- 4 Hajer, Jesse and Ellen Smirl. 2020. Surviving on Minimum Wage: The Lived Experiences of Manitoba Workers and Policy Implications. <https://policyalternatives.ca/publications/reports/surviving-minimum-wage>
- 5 Manitoba has committed to reducing childcare fees by 50 percent in 2022, moving to a \$10 per day average in March 2023. National Dental Coverage will kick in for children under 12 in 2022 with full implementation expected in 2025.
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- 7 <https://www12.statcan.gc.ca/census-recensement/2016/as-sa/98-200-x/2016006/98-200-x2016006-eng.cfm>



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