

# A Family Living Wage for Manitoba

2020 Update

Jesse Hajer, Lynne Fernandez, and Michael Apata



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**CCPA**

CANADIAN CENTRE  
for POLICY ALTERNATIVES  
MANITOBA OFFICE

Unit 301-583 Ellice Ave., Winnipeg, MB R3B 1Z7  
tel 204-927-3200

email [ccpamb@policyalternatives.ca](mailto:ccpamb@policyalternatives.ca)

#### **ABOUT THE AUTHORS**

*Jesse Hajer* is a faculty member in the Department of Economics and Labour Studies program at the University of Manitoba, and a research associate with the Canadian Centre for Policy Alternatives – Manitoba.

*Lynne Fernandez* holds the Errol Black Chair in Labour Issues at CCPA–MB.

*Michael Apata* is a PhD student in Economics at the University of Manitoba.

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FAMILIES WHO WORK for low wages face impossible choices — buy food or heat the house, feed the children or pay the rent. The result can be spiralling debt, constant anxiety and long-term health problems. In many cases, particularly for those working at minimum wage, it means that adults in the family are working long hours, often at two or three jobs, just to pay for basic necessities.<sup>1</sup> They have little time to spend with their family, much less to help their children with school work or participate in community activities.

The frustration of working harder only to fall further behind is one many Canadians can relate to. CCPA research shows that working families are taking home a smaller share of the economic pie.<sup>2</sup> Until COVID-19 hit, Manitoba generally enjoyed lower unemployment rates than the national average.<sup>3</sup> Nonetheless, poverty remained and remains a problem in Manitoba.<sup>4</sup>

The living wage is also affected by direct government transfers, such as the Canada Child Benefit and the GST Credit, and indirect government transfers, in the form of public services and infrastructure that shift certain costs off the shoulders of individual families. Affordable housing, universal affordable child care, national pharma-care or dental coverage for children and modest income families, and policies ensuring paid sick leave are other

examples of government actions that would significantly moderate the living wage, easing the role of employers in ensuring that families can meet their core budgetary needs.

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## What's in a Living Wage?

The 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 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 Manitoba's 2020 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, 65.9 per cent of families with children in Manitoba are headed by couples and close to 21 per cent of families with children are single-parent families.<sup>5</sup>
- Both parents working full-time, at 35 hours per week.
- Estimated family expenses in 10 categories (see the details on page 5).
- 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 LIVING WAGE IS:

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

The amount needed 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 the social, civic and cultural lives of their communities is:

\$16.15/hour in Winnipeg

\$14.19/hour in Brandon

\$14.27/hour in Thompson

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

At \$16.15 per hour in Winnipeg – or \$29,393 annually for each parent working full-time – here’s what a family of four could afford:

- **FOOD:** \$889.91/month (based on Statistics Canada’s Market Basket Measure food component).
- **CLOTHING AND FOOTWEAR:** \$173.62/month (based on Statistics Canada’s Market Basket Measure clothing and footwear component).
- **SHELTER:** \$1577.80/month (includes the median rent estimate for a three-bedroom unit, utilities and contents insurance).
- **TRANSPORTATION:** \$506.97/month (includes the amortized cost of owning and operating a used car as well as one adult monthly bus pass).
- **CHILD CARE:** \$632.50/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, as well as full-time care for summer break, teacher admin. days and winter/spring break).
- **PRIVATE HEALTH INSURANCE:** \$198.30/month (the cost of a basic extended health and dental plan from Manitoba Blue Cross).
- **PARENTS’ EDUCATION:** \$149.27/month (estimated cost of two university courses per year for one parent).
- **CONTINGENCY FUND:** \$188.42/month (the equivalent of two-weeks’ wages for each parent to provide some cushion for unexpected expenses like serious illness to a family member, transition time between jobs, etc.)
- **OTHER HOUSEHOLD EXPENSES:** \$801.90/month (covers personal care, furniture, kitchen or household supplies, internet connection, phone and minimal recreation).

The living wage calculation – designed to be used nationally – includes a tenth category for those provinces that charge a monthly contribution for the healthcare system. That category does not apply in Manitoba where health care is funded from general tax revenue.

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, but would also support a mix of family types throughout the life cycle so that 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 can be significantly higher, depending on housing and other income support programs. Single-income families face obvious challenges. Shelter, transportation and child care expenses are rather inflexible and having two incomes to cover such expenses goes a long way. A discussion on single-parent families is included for each of the cities in this report.

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## Explaining the 2020 Living Wage Update

### Winnipeg

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, whereas the rate of inflation increased approximately 6.5 per cent in the same period.<sup>6</sup> Why is the increase for the living wage so much more than the increase in inflation? The answer is that the cost of key necessities, particularly shelter and food, increased more than the rate of inflation. *Table 1* below shows the changes of all the categories.

Shelter and food expenses are the largest expense categories for the living wage family. The shelter costs saw the highest percentage increase, with median rents in Winnipeg increasing by over 17%, more than two-and-a-half times the rate of inflation, costing an additional \$2,716 per year. Estimated food costs also increased significantly, by over 15%, adding \$1,431 in annual costs.

The introduction and increased generosity of the federal Canada Child Benefit (CCB) leads to the family receiving more, despite the higher family income. This provides an additional \$1,890 per year that helps offset higher expenses. The living wage family however does not qualify for support from

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

Category	2016	2020	Percentage Change
Food	770.63	889.91	15.5
Clothing/footwear	160.93	173.62	7.9
Shelter	1351.43	1577.80	16.7
Transportation	487.74	506.97	3.9
Other	702.39	801.90	14.2
Childcare	630.35	632.50	0.3
Private health insurance	147.65	198.30	34.3
Parent's education costs	129.17	149.27	15.6
Contingency fund (2 weeks' salary)	169.63	188.42	11.1
<b>TOTALS</b>	<b>4549.95</b>	<b>5118.69</b>	<b>12.5</b>

important provincial programs due to the low level of income at which families become ineligible. As in 2016, the family does not qualify for the Manitoba child care subsidy or Manitoba's Rent Assist benefit, an income tested benefit for lower income renters.

### One-parent – One-child

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 large increases in annual shelter (\$1,864) and food (\$1,027) expenses increased faster than the rate of inflation.<sup>7</sup>

Despite the large increase in earned income required to cover expenses,<sup>8</sup> the single-parent family sees a \$485 increase in federal child benefits due to the CCB enhancements. However, given the higher income needed to cover expenses, the single-parent family loses \$2,336 in Rent Assist benefits compared to 2016. This relates to challenges identified in earlier research, suggesting Rent Assist benefits levels are too low and phase out too soon.<sup>9</sup> As in 2016, the family does not receive the child care subsidy.

### Brandon

The 2020 living wage for a Brandon two-parent – two-child family is \$14.19/ hour – a 2.5 per cent decrease from \$14.55 in 2016. What accounts for this decrease in the living wage in Brandon? *Table 2* breaks down the increase in expenditures.

**TABLE 2** Monthly Expenses for Brandon: Two-Parent – Two-Child Family

Category	2016	2020	Percentage Change
Food	793.62	859.09	8.2
Clothing/footwear	160.93	173.62	7.9
Shelter	1326.46	1382.80	4.2
Transportation	471.19	489.42	3.9
Other	719.77	778.66	8.2
Childcare	630.35	632.50	0.3
Private health insurance	147.65	198.30	34.3
Parent's education costs	129.17	149.27	15.6
Contingency fund (2 weeks' salary)	169.75	165.55	-2.5
<b>TOTALS</b>	<b>4548.94</b>	<b>4829.21</b>	<b>6.2</b>

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.

### 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 and the family now qualifying for much more under the Rent Assist program. The family also qualifies for over \$1,100 under the enhanced Canada Workers Benefit and a modest provincial childcare subsidy, where they did not previously qualify for any benefits under these programs.

### Thompson

The 2020 family living wage for Thompson's two-parent/two-child family is \$14.27, down 6.6 per cent from 2016 when it was \$15.28. *Table 3* breaks down the price changes. The living wage family in Thompson actually 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.

**TABLE 3** Monthly Expenses for Thompson: Two-Parent – Two-Child Family

Category	2016	2020	Percentage Change
Food	773.62	859.09	11.0
Clothing/footwear	220.15	237.52	7.9
Shelter	1263.46	1171.80	-7.3
Transportation	467.59	480.92	2.9
Other	960.87	1097.00	14.2
Childcare	630.35	632.50	0.3
Private health insurance	147.65	198.30	34.3
Parent's education costs	129.17	149.27	15.6
Contingency fund (2 weeks' salary)	178.27	166.48	-6.6
<b>TOTALS</b>	<b>4771.12</b>	<b>4992.88</b>	<b>4.6</b>

### One-parent – One-child

Thanks to higher benefit levels, the living wage for the Thompson 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 enough to give the family access to a more generous benefit under Rent Assist. The Thompson single-parent family also qualifies for over \$1,200 from the enhanced Canada Workers Benefit and a provincial childcare subsidy of nearly \$2,000 per year, where they did not previously qualify for any benefits under these programs.

## Getting There: The Role of Employers and Government

The living wage is first and foremost a call to public and private sector employers (primarily larger ones) to sustain families. This can be achieved through wages, or a combination of wages and non-mandatory benefits, such as extended health benefits, subsidized childcare, subsidized transit passes, etc. If an employee receives non-mandatory benefits, the hourly wage they need to be paid to reach a living wage rate will be reduced.

### Local Governments Lead the Way

In 2010, the City of New Westminster became the first municipality in Canada to officially pass a living wage policy. All direct and contracted staff providing

services on city premises are now paid the Metro Vancouver living wage. Since then, three other BC local governments have taken steps to become living wage employers — the Huu-ay-aht First Nation, the City of Vancouver and the City of Port Coquitlam.

In January, 2020, Kingston Ontario adopted a living-wage policy for all its full-time employees and will look at living-wage provisions in their procurement policies.<sup>10</sup> Advocates will keep pushing council to adopt a full-fledged living-wage policy for all workers and contractors.

It is now time for Manitoba municipalities to step up to the plate and implement a living wage policy for their own workers and companies they contract out to. If the City leads the way, other employers will follow its example.

### **Not Just About Employers**

The living wage is not just about employers — 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.

First, 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 shows just how big an impact government transfers can have, with our Brandon and Thompson families' living wages decreasing largely because of the impact of the CCB. Rent Assist is also making a big difference for our single parent families in Brandon and Thompson, and provides some support in Winnipeg. However, most other government transfers and subsidies are reduced or eliminated once a family reaches an income level well below the living wage. For example:

- Federal GST credit (not available to families with a net income above \$53,447, for the one-parent, one-child family and \$56,547 for the two-parent, two child family);<sup>11</sup>
- Manitoba Child Care subsidy; in order to qualify for the child care subsidy, a family's income must be far below the poverty line.<sup>12</sup> Only our single parent families in Brandon and Thompson qualify.
- Our two-parent, two-child families do not qualify for Manitoba's Rent Assist program.

It is now time for Manitoba municipalities to step up to the plate and implement a living wage policy for their own workers and companies they contract out to. If the City leads the way, other employers will follow its example.

- Canada Workers Benefit, which replaced the Working Income Tax Benefit in 2018 (not available to any family type with net income over \$36,483).<sup>13</sup> Only our single parent families in Brandon and Thompson qualify.

Provincial and federal governments must review all low-income transfers and credits regularly to ensure that the amounts provided are keeping up with the actual expenses they are meant to defray (such as child care fees or rent) and that they are not clawed back at income levels that leave many families struggling with a bare-bones budget. When government transfers fail to keep up with the rising cost of living, the families who are the hardest hit are the ones headed by earners who are already marginalized and tend to do poorly in the labour market. Single-mother, Indigenous and recent immigrant families tend to have lower earnings and face higher unemployment rates, which puts them at a higher risk of poverty.

The living wage is also affected by indirect government transfers in the form of public services and infrastructure that shift certain costs off the shoulders of individual families. Affordable housing, universal affordable child care, national pharma-care or dental coverage for children and modest income families, and policies ensuring paid sick leave are other examples of government actions that would significantly moderate the living wage, easing the role of employers in ensuring that families can meet their core budgetary needs.

The largest expenditure in the living wage is the cost of housing. All levels of government need to urgently address the shortage of adequate and affordable housing for low-income families.

A key way in which employers can reduce the payroll costs of the living wage is to advocate for progressive policy changes to increase government benefits to low-income earners and enhance public services that improve quality of life for all families. This is particularly true for single parent families, as the preceding one-parent, one-child sections demonstrate.

## **The Living Wage and COVID 19**

Critics may wonder if the middle of a pandemic is the right time to implement a living wage. With some businesses struggling to stay afloat, especially those service-sector employers that tend to pay lower wages, the response is complex. 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. Providing more publically funded services also reduces the living wage, presenting a perfect opportunity for government to make a big difference for workers and employers. Measures taken to reduce poverty today will help mitigate expensive problems exacerbated by COVID-19, such as sickness and poor-educational outcomes.

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 seek to sustain and enhance the earnings of low-income families. Boosting the earnings of these households is one of the most effective ways of stimulating the local economy because lower-income families tend to spend almost all their income in their communities.

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## Endnotes

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- 5 Statistics Canada, “Census in Brief: Portrait of Children’s Family Life in Canada in 2016,” August 2, 2017, <https://www12.statcan.gc.ca/census-recensement/2016/as-sa/98-200-x/2016006/98-200-x2016006-eng.cfm>.
- 6 Calculated based on data from: Statistics Canada, “Table 18-10-0005-01: Consumer Price Index, Annual Average, Not Seasonally Adjusted,” Statistics Canada, 2020, <https://www150.statcan.gc.ca/t1/tbl1/en/tv.action?pid=1810000501>.
- 7 The 2020 Living Wage is based on the 2018 MBM food threshold, based on Health Canada’s 2019 National Nutritious Food Basket. This brings the 2020 Living Wage food expense amount in line with the food expense amount used for Canada’s official poverty line. Earlier Manitoba living wage calculations were based on data from the on the Cost of Eating According to the ‘Nutritious Food Basket’ in Manitoba published in 2013. See 2013 Living Wage Report Calculation guide for details, available at <https://www.policyalternatives.ca/publications/reports/family-living-wage-manitoba> Unlike most other provinces, Manitoba does not regularly calculate and release data on the cost of the Nutritious Food Basket. In 2017, in partnership with community organizations, the data was collected for an updated release, but the government has yet to release the results. For more information see: Joyce Slater and Keren Taylor-Hughes. “Make Manitoba’s Food Cost Data Publicly Available.” Winnipeg Free Press. February 7, 2019, <https://www.winnipegfreepress.com/opinion/analysis/make-manitobas-food-cost-data-publicly-available-505491352.html>.
- 8 The increase in the food budget is more pronounced for our single parent family given that they do not benefit from the low costs of purchasing in larger quantities. See the CCPA Manitoba’s 2020 living wage calculation guide, available at [www.policyalternatives.ca/manitoba](http://www.policyalternatives.ca/manitoba) for details.
- 9 Sarah Cooper, Jesse Hajer, and Shayna Plaut, *Assisting Renters: Manitoba’s Rent Assist in the Context of Canada’s National Housing Strategy* (Winnipeg, Canada: Canadian Centre for Policy Alternatives - Manitoba, 2020), <https://www.policyalternatives.ca/publications/reports/assisting-renters>.

**10** Craig Pickthorne, “City of Kingston: Certified Living Wage Employer,” Ontario Living Wage Network, January 10, 2020, [https://www.ontariolivingwage.ca/city\\_of\\_kingston\\_certified\\_living\\_wage\\_employer](https://www.ontariolivingwage.ca/city_of_kingston_certified_living_wage_employer).

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**12** Canadian Centre for Policy Alternatives – Manitoba and Canadian CED Network. *The View from Here: Manitobans call for a renewed poverty reduction plan*; (Winnipeg, Canada: Canadian Centre for Policy Alternatives - Manitoba, 2020, p.44), <https://www.policyalternatives.ca/sites/default/files/uploads/publications/Manitoba%20Office/2015/01/View%20from%20here%20v8%20low-res.pdf>

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