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Manitoba's cost of living and disposable income remain low

WINNIPEG –Manitoba had the second lowest cost of living and the lowest disposable income despite a solid increase over the past year, according to the *MB Check-Up* report, an annual economic analysis of the province as a place to live, work and invest published by the Chartered Accountants of Manitoba.

“Disposable income in Manitoba grew by 3.3 per cent in 2008,” said Gary Hannaford, CEO of the Institute of Chartered Accountants of Manitoba. “While we are seeing strong and steady growth in this indicator we still lag behind the other provinces. Fortunately, that is offset to a great extent by also having the second lowest cost of living,” he added.

The study shows that Manitoba remained in last place with the lowest disposable income (\$26,397) last year, despite having the third highest increase (3.3 per cent) in disposable income after Alberta (3.5 per cent) and Saskatchewan (8.3 per cent).

“This was the second year in a row that we’ve seen significant increases in disposable income,” Hannaford said. “However, Manitoba continues to have the lowest personal disposable income out of the jurisdictions reviewed.”

Over the past five years, Manitoba’s growth in real per capita disposable income (12.9 per cent) was the lowest of the western provinces and only exceeded that of Ontario (8.9 per cent). The gap between Manitoba’s real disposable income per capita and the national average has widened slightly from \$1,899 in 2003 to \$2,194 in 2008.

Balancing the low disposable income is the low cost of living. Manitoba’s cost of living, defined in the study as the percentage of total household expenditures spent on shelter, is 17.1 per cent with only Saskatchewan slightly lower (16.8 per cent).

The *MB Check-Up* also shows that Manitobans’ debt (both personal and mortgage) to disposable income ratio rose 4.5 per cent last year. Last year’s increase can be partly attributed to increased housing costs and the related mortgage debt.

“Despite having the largest increase in the debt-to-income ratio, Manitobans have the second lowest ratio in absolute terms among the comparison jurisdictions,” Hannaford said.

At 12.9 per cent, two percentage points higher than the national average, Manitoba also continues to have the largest percentage of youth at risk, or those aged 19 to 24 without high school accreditation.

“Dropping out of school imposes tremendous personal and societal costs,” Hannaford said. “Those who do not receive high school diplomas are more likely over the course of their lifetimes to face major problems such as unemployment, below average incomes, diminished health, reliance on social security and involvement in crime.”

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The study shows that Manitoba had the second largest decrease (-0.6 percentage points) in the number of youth at risk over the past year. However, over the past five years, the province has had the smallest decline (-0.9 percentage points) for this indicator across the comparison jurisdictions.

The Live section of *MB Check-Up* also shows that health care spending was in line with the other provinces and increased 6.5 per cent to \$3,175 per capita in 2008.

MB Check-Up is published annually by the Chartered Accountants of Manitoba and provides an independent factual comparison of the four Western provinces, together with Ontario and the Canadian average using 15 key indicators to create a profile of each as a place to live, a place to work and a place to invest. The third section of the report which deals with Manitoba as a place to work will be released next week.

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