

# LIVE WORK INVEST

# INMB



**MB Check-Up, Edition 2003:** This report, produced by The Institute of Chartered Accountants of Manitoba, is the second edition of the MB Check-Up evaluating Manitoba as a place to live, work, and invest.

The MB Check-Up has been produced by the Chartered Accountants of Manitoba and designed in conjunction with consulting economists, who also compiled the data. As leaders in interpreting and validating information, CAs are often called upon by businesses, governments, and other organizations to provide independent, fair, and objective information to assist in decision-making. It is with this perspective that we prepared the MB Check-Up, a factual "snapshot" of Manitoba's economic and social fortunes in the past year and over the past decade.

**METHODOLOGY** The MB Check-Up, Edition 2003 is designed to assess trends in Manitoba's economic and social health and focuses on three areas: Manitoba as a place to live, work, and invest. For each area we evaluate five key variables that embody information about the living, working, or investing conditions in the province. Each key variable is evaluated over a short term (2002 over 2001) and a long term (1993 to 2002 or 1993 to 2001, depending on availability of statistical data) timeframe.

To provide context, the results for Saskatchewan, Alberta, British Columbia, Ontario, and the national average are also included. We are not suggesting that the provinces started at the same level. The emphasis is on what changes have occurred from 2001 to 2002 and over the past decade, although we do comment on where Manitoba stands in absolute terms relative to the other studied jurisdictions.

Added to this year's MB Check-Up are several short pieces, which we have called "Spotlight on...". They delve into a topic in greater depth and, in particular, include pieces on Manitoba taxation, employment, and post-secondary education.

To assess Manitoba as a place in which to live, work, and invest, core indicators had to be independent, available for Manitoba, Saskatchewan, Alberta, BC, Ontario, and the national average, and broad enough to reflect what is happening in each jurisdiction's economic or social life.

Data for the MB Check-Up is drawn from a number of sources, including: Statistics Canada; provincial government offices and analysts; financial institution reports; interviews with a range of experts throughout Canada - including representatives of provincial health care associations, economic development offices, or analysts at Statistics Canada; and, other published and internet sources.

An in-depth background that includes all indicators and discussions of reasons for changes in the indicators from 2001-2002 and over the past decade is available on the Chartered Accountants of Manitoba website at [www.icam.mb.ca](http://www.icam.mb.ca).

The data was compiled by consulting economists from Marlyn Chisholm & Associates, Crane Management Consultants Ltd., Shirocca Consulting Ltd., Banks Bywater & Co. Ltd., and Gold Island Consulting.

# WORK



## 2.0 MB AS A PLACE TO WORK

**2.1 OVERVIEW** In 2002, Manitoba was able to make some progress on its problem indicator, average wage, and eked out some real wage growth while all other regions saw declines. The province also turned in positive numbers for its female/male wage ratio and job tenure indicators while employment saw a modest decline.

Over the last decade, Manitoba logged solid improvements in employment growth, narrowing the gender wage gap, and keeping people in their jobs longer. However, the strong performance in employment growth is partly the result of the out-flow of workers to other provinces. The outflow results in a smaller pool of workers from which to draw, therefore less workers are unemployed.

Overall, things look better for those working in Manitoba in 2002 but the low wage rate and out-flow of workers to other provinces remain areas of concern.

### 2.2. SPOTLIGHT ON EMPLOYMENT

Manitoba's economy grew by 3.1% in 2002, added 9,100 new jobs, and the province boasted the highest employment rate in Canada at 94.8%, although it declined slightly from the 2001 rate of 95.0%. Part-time positions accounted for 5,600 (62%) of the job growth and full-time jobs the remaining 3,500 positions.

Over the 1993-2002 decade, Alberta, Ontario, Manitoba, and Canada registered similar increases of between 4.2% and 4.8% in their employment rates.

#### Out-migration

Manitoba's low unemployment rate is partly due to the steady loss of its labour force to other provinces. Between 1996 and 2001, Manitoba saw a net loss of 18,600 residents (1.8% of the population) to other provinces, the third-highest proportional inter-provincial outflow of all the provinces. The net out-migration of Manitoba residents to other provinces totaled 5,300 in 2002, an increase of 23% from 2001. On a net basis, 57% of these residents went to Alberta, 20% to Ontario, 19% to British Columbia, and 4% to other provinces<sup>7</sup>.

<sup>7</sup>2001 Census, Stats Canada

Table 2.1: Employment Rate

Jurisdiction	1993	2001	2002	Change 2001-2002
Canada	88.6%	92.8%	92.3%	-0.5%
Manitoba	90.7%	95.0%	94.8%	-0.2%
Saskatchewan	91.8%	94.2%	94.3%	0.1%
Alberta	90.4%	95.4%	94.7%	-0.7%
BC	90.3%	92.3%	91.5%	-0.9%
Ontario	89.1%	93.7%	92.9%	-0.8%

Despite this flow of people to other provinces, Manitoba's population increased by 5,685 between 1996 and 2001, due to the contributions of natural population growth (births minus deaths) and international immigration. Looking at the details of Manitoba's increase in population reveals an interesting demographic trend. All of the province's population growth, and more, was based on growth in the province's Aboriginal population that increased by 21,360 while, the non-Aboriginal population decreased by 15,675 between 1996 and 2001<sup>8</sup>.

Manitoba is pursuing a three-pronged strategy to increase the number of workers with skills matched to labour market needs, such as skilled trades and healthcare professions. Education and skills development programs targeted to the province's growing Aboriginal population is the first prong, along with initiatives to encourage older workers, particularly women, to remain or enter the work force. The third element of Manitoba's strategy are activities to attract skilled international immigrants through initiatives such as the provincial nominee program.

**Table 2.2: Real Average Hourly Wages**  
pre-tax (constant 1997\$)

Jurisdiction	1993	2001	2002	%Change 2001-2002
Canada	\$18.19	\$17.86	\$17.76	-0.6%
Manitoba	\$16.83	\$16.19	\$16.22	0.2%
Saskatchewan	\$16.99	\$16.10	\$15.96	-0.9%
Alberta	\$18.35	\$18.01	\$17.75	-1.5%
BC	\$18.27	\$18.65	\$18.36	-1.6%
Ontario	\$19.09	\$18.68	\$18.56	-0.6%

**2.3 WAGES** Real average hourly wage rates capture labour force compensation, net of inflation.

In 2002, Manitoba had a small wage growth of 0.2% while all the other regions saw a decline. All studied jurisdictions saw real wages fall over the past decade, with the exception of BC, whose wage rate increased by 0.49%. Manitoba's real wage declined by 3.6%.

Manitoba has one of the lowest real wage rates in the country, closely tracking that of Saskatchewan and is approximately 9% below the national average.

Inflation has been a significant factor in the erosion of Manitoba's real wage. Between 1993 and 2002, nominal wages to hourly and salaried workers rose by 15.5%, compared to a 19.9% increase in consumer inflation, resulting in a decline in the real wage.

While real wages are low in Manitoba, this is allegedly off-set by lower prices of housing and other consumer goods. For much of the last decade, Manitoba has enjoyed the lowest average housing prices among the western provinces, and considerably lower than both the national average and Ontario. However, recent analysis conducted by the Royal Bank of Canada<sup>9</sup> that factored in all basic housing costs (i.e. mortgage payments, utilities and property taxes) across the country found Manitoba rated second worst in housing affordability, behind only BC.

**2.4 ACTUAL HOURS WORKED** The ratio of actual to potential hours worked reflects the general level of labour force utilization. An increase in the ratio means employees are working more actual hours, reflecting overall strength in the provincial economy.

**Table 2.3: Actual/Potential Hours Worked**

Jurisdiction	1993	2001	2002	%Change 2001-2002
Canada	0.90	0.90	0.89	-1.1%
Manitoba	0.90	0.90	0.88	-2.2%
Saskatchewan	0.93	0.92	0.91	-1.1%
Alberta	0.93	0.95	0.92	-3.2%
BC	0.88	0.86	0.85	-1.2%
Ontario	0.90	0.91	0.90	-1.1%

In 2002, Manitoba's utilization rate declined by 2.2% as the effects of the North American economic slow down rippled through the country. Labour utilization levels dropped in every region last year as organizations increased their use of part-time workers and instituted temporary layoffs to match the slowdown in demand for products and services.

Over the past decade, Manitoba's diversified economy and relatively tight labour market

have resulted in a fairly stable labour utilization rate. At 88%, however, Manitoba's labour utilization rate is one of the lowest in the studied jurisdictions, beating only BC (85%).

<sup>8</sup>Ibid

<sup>9</sup>Royal Bank of Canada - Household Affordability Index

**2.5 GENDER EQUITY** The female/male wage gap is the ratio of female to male hourly wages (full-time workers) in the employed labour force and indicates pay equity in the labour market.

**Table 2.4: Female/Male Wage Ratio**

Jurisdiction	1993	2001	2002	%Change 2001-2002
Canada	0.83	0.82	0.83	1.6%
Manitoba	0.82	0.83	0.85	1.7%
Saskatchewan	0.81	0.81	0.84	3.9%
Alberta	0.78	0.78	0.76	-2.2%
BC	0.81	0.83	0.85	1.7%
Ontario	0.84	0.82	0.84	2.7%

In 2002, Manitoba and BC closed the wage gap to reach an historic high female/male wage ratio of 85%.

Helping to close the wage gap, Manitoba has had increases in demand for healthcare services, creating job openings for women in higher wage positions. Also, the employment growth in the female-dominated service industries has increased the percentage of women employed in senior management positions. Conversely, the male dominated goods producing industries have seen a loss of jobs.

While the increase in female wages and senior management positions are definitely positive trends, wage rates in Manitoba are relatively low for both men and women, as shown in Table 2.2.

**Table 2.5: Average Job Tenure (in months)**

Jurisdiction	1993	2001	2002	%Change 2001-2002
Canada	94.4	95.6	96.8	1.3%
Manitoba	100.2	103.9	105.2	1.3%
Saskatchewan	120.1	116.6	116.0	-0.5%
Alberta	86.3	82.6	84.5	2.3%
BC	79.1	88.7	91.6	3.3%
Ontario	95.9	93.8	95.1	1.4%

**2.6 JOB STABILITY** Job stability is measured by the average number of months a person has worked for his/her current employer. Generally speaking, longer average tenures are desirable from an employer's perspective as the lower turnover rates mean fewer costs are incurred in recruiting and training new workers. From a worker's perspective, job tenure can reflect either greater job security or fewer opportunities to find other jobs.

In 2002, Manitoba's average tenure of 105.2 months was significantly higher than all other jurisdictions except Saskatchewan, whose average tenure was 116 months.

Since 1993, there has also been a decline in seasonal jobs in the resource and agricultural sectors, while longer-term jobs in services and product manufacturing have been created, effectively stabilizing Manitoba's average job tenure over the past decade. The aging labour force in Manitoba - specifically the boomers - also accounts for a growing share of long-term, stable jobs.

Saskatchewan and Manitoba have consistently had the highest average job tenures of all jurisdictions while Alberta has been in the sixth or fifth spot throughout the decade. These results suggest that there is greater opportunity and more short duration jobs in a more vibrant economy.

## MB Check-Up

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### Consulting Economists

Marlyn Chisholm & Associates in association with Crane Management Consultants Ltd., Shirocca Consulting Ltd., Banks Bywater & Co. Ltd., and Gold Island Consulting.

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The primary mission of the Institute of Chartered Accountants of Manitoba is to protect the public interest. It does so by ensuring that its members have the highest level of competence and integrity as a result of demanding standards for admission to the profession, its continuous learning policy and its inspection and discipline process.

