

1.0 MANITOBA AS A PLACE TO LIVE

1.1 OVERVIEW

Manitoba Check Up's LIVE indicators show that quality of life in the province improved moderately over the last five years, although at a slower rate than the Canadian average. On the positive side, Manitoba has seen the highest increase in per capita expenditures in *Health* between 1998 and 2003. , Manitoba enjoys the distinction of having one of the lowest increases in *Financial Vulnerability* in Canada. There was also a slight decrease in the percentage of people receiving *Social Assistance* during this time, as well as a modest increase in *Personal Disposable Income* per capita.. However, these latter improvements ranked second lowest in our inter-provincial comparison.

Looking at the past year (2002 to 2003), progress in the quality of life – as defined by our indicators – was fairly limited in Manitoba, as it was in every jurisdiction in our comparison. Manitoba was unique in maintaining the lowest increase in *Financial Vulnerability* in 2002-03. However, *Health* care expenditures remained virtually unchanged, as did *Social Well Being*, apart from having the second highest increase in the *Crime Rate*. For Manitobans, as for residents of all jurisdictions, *Real Disposable Income per Capita* shrank slightly in 2002-03, though Manitoba's loss was not as severe as that of Ontario or Alberta.

Given Manitoba's LIVE results for 1998-2003, two indicators appear worthy of closer scrutiny – **Real Income** and **Financial Vulnerability**.

1.2 REAL DISPOSABLE INCOME PER CAPITA

Manitoba experienced **an increase in real disposable income between 1998 and 2003** from \$17,799 in 1998 to \$18,585 in 2003, an overall increase of 4.4 per cent. While this was certainly a positive development, it was not unique to our province, and Manitoba's gain in real income was among the lowest. Only Ontario showed a slower growth rate during this period. In absolute terms Manitoba's real disposable income at the end of 2003 is below every other jurisdiction except Saskatchewan.

Jurisdiction	1998	2003	Change 98-03
Alberta	20,156	22,094	+9.6 %
Canada	18,686	19,966	+6.9 %
Saskatchewan	16,258	17,250	+6.1 %
BC	18,625	19,536	+4.9 %
Manitoba	17,799	18,585	+4.4 %
Ontario	20,177	20,989	+4.0 %

Manitoba's real per capita income actually *declined* in 2002-2003, at a rate of 1.2 per cent. In fact, income declined in all jurisdictions but Saskatchewan. The downturn in Alberta and Ontario outstripped that experienced in Manitoba.

Two factors appear to have suppressed the growth in Manitoba's personal disposable income per capita over the past five years. One is the loss of goods-producing jobs, the second is less dramatic cuts to personal tax levels in Manitoba, relative to the other jurisdictions. Despite overall employment gains in Manitoba since 1998, the number of jobs in the higher paying, goods-production sector declined by 3.4 per cent. These job losses occurred in agriculture and primary resource industries, particularly in mining. Manitoba and Saskatchewan were the only jurisdictions to post losses in the goods-producing sector between 1998 and 2003.

Manitoba also underperformed the other Canadian jurisdictions in terms of reducing direct personal taxes between 1998 and 2003. While real direct personal taxes per capita were cut across the board within our comparison, and while Manitoba's 7.3 per cent reduction is, on par with the Canadian average, it falls well below Alberta, Saskatchewan and British Columbia, which reduced taxes by 10.1 to 15.3 per cent over the last five years.

On a positive note, Manitoba saw a gain of 1.2 per cent in goods-producing jobs in 2003, a welcome turnaround after two consecutive years of losses. However, with zero growth in service sector jobs, the result was the lowest increase (0.3 per cent) within our comparison. This factor also explains Manitoba's last place in per capita personal income growth in 2003. Still, three consecutive years of albeit-modest direct personal tax cuts, combined with last year's gain in goods-producing jobs may point to more promising results in the future.

1.3 FINANCIAL VULNERABILITY

Financial Vulnerability is a new indicator assessed in this year's *Check-Up* report. Manitoba has achieved the distinction of having **the second lowest increase (29.9 per cent) in personal debt per capita** of all jurisdictions in the past five years. Only Saskatchewan has fared better, with a relatively small increase of 17.3 per cent. Citizens in the other jurisdictions have seen their financial vulnerability grow at much higher rates, between 34 and 53 per cent during the same time period.

Table 1.2 Personal Debt Per Capita			
Jurisdiction	1998	2003	Change 98-03
Saskatchewan	7,779	9,126	+17.3 %
Manitoba	6,772	8,796	+29.9 %
BC	14,584	19,555	+34.1 %
Canada	11,168	16,124	+44.4 %
Ontario	13,716	20,762	+51.4 %
Alberta	11,404	17,446	+53.0 %

Even in absolute terms, Manitoba's personal finance measures are strong. The province's **per capita personal debt has been the lowest in our comparison for the last three years. Except** for Saskatchewan, it is about half of that in the other jurisdictions.

Between 2002 and 2003, Manitoba saw the lowest increase of all jurisdictions in personal debt per capita, at 5.4 per cent. In the same year, the other provinces saw growth rates between 6.6 per cent (British Columbia) and 9.5 per cent (Alberta).

Manitoba has consistently had the **second-lowest ratio of mortgage debt** to total debt over the last five years; it presently stands at 56.8 per cent. By comparison, the other jurisdictions range from 53.9 per cent (Saskatchewan) to 72.2 per cent (British Columbia). Manitoba's relatively low ratio of mortgage debt to total debt can be attributed largely to low housing prices.

The growth of **consumer debt** as a proportion of total debt is a concern in all provinces. Manitoba, however, still enjoys one of the lowest rates. Nonetheless, the proportion of debt incurred in the purchase of consumer goods has grown in Manitoba from 35 per cent of total debt in 1998 to 43 per cent in 2003.

Table 1.3 Debt per Capital Components, Manitoba, 1998-2003						
	1998	1999	2000	2001	2002	2003
Consumer Debt per Capita	2,395	2,695	3,214	3,233	3,473	3,802
Mortgage Debt per Capita	4,376	4,462	4,537	4,960	4,870	4,994
Total: Personal Debt per Capita	6,772	7,158	7,752	8,193	8,343	8,796

Source: Statistics Canada.

Some economists view mortgage debt as "better" because it is based on home investment, which eliminates rent payments, and in the longer term has historically served to accumulate wealth. Consumer debt does not offer the same longer term benefit. Thus, while Manitoba boasts a comparatively good overall debt level, the growth of consumer debt is a long-term concern.