

# **MB Check-Up 2007**

*WORK section*

**Embargoed until October 23, 2007**

# Indicators

## WORK

**Educational Attainment** - Our indicator, expressed as the percentage of labour force between ages 25-64 with post-secondary accreditation,<sup>1</sup> measures the education of each region's human capital.

**Unemployment Level** - This is reflected in the unemployment rate, expressed as the number of unemployed persons as a percentage of the population aged 15 and older who are employed or actively looking for work (the labour force).

**Labour Compensation** - Real Average Hourly Wage captures labour force earnings, net of inflation.

**Pay Equality** - Female/Male Wage Gap is the ratio of female to male hourly wages (full time workers) in the employed labour force and indicates the degree of pay equality in the labour market.

**Job Creation/Destruction** - Absolute change in number of employed workers. This shows where new opportunities or losses have occurred in the various sectors of the economy.

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<sup>1</sup> Post secondary certificate, diploma or higher which include diploma programs at colleges as well as trades and technical certification programs

## MANITOBA AS A PLACE TO WORK

Manitoba's economy continues to progress at a slow and steady pace, never putting up dramatic numbers but quietly going about its business in a positive direction. This description applies to the WORK indicators for Manitoba in 2006 as strength in Mining, Oil & Gas, Construction and Food Product Manufacturing helped to drive economic growth and positive albeit modest numbers across the 5 WORK indicators. However, as is being experienced in many regions, labour shortages are beginning to impact Manitoba's economic progress and are reflected in terms of background weaknesses in a number of the WORK indicators.

Manitoba continued to lead all regions in terms of pay equity with women making 90.9 percent of male wages in 2006. Unfortunately, the good news ends there, as Manitoba posted the lowest job growth, lowest wages and lowest educational attainment rates of all regions reviewed. Manitoba's unemployment rate was the second lowest after Alberta, however this was not due to strong job growth but rather a result of slow growth in the labour force.

**TABLE 2-1: SUMMARY OF WORK KEY INDICATORS**

WORK Indicator	BC	AB	SK	MB	ON	CAN	
Educational Attainment	61.0%	60.7%	57.0%	<b>56.0%</b>	65.2%	63.9%	2006 Value
Unemployment Rate	4.8%	3.4%	4.7%	<b>4.3%</b>	6.3%	6.3%	
Real Wage Rate	\$21.73	\$23.15	\$20.37	<b>\$19.91</b>	\$22.29	\$21.60	
Female/Male Wage Ratio	0.835	0.785	0.868	<b>0.909</b>	0.865	0.856	
Job Creation	65,000	86,300	8,100	<b>6,700</b>	95,000	314,600	
Educational Attainment	1.2 ppt	-0.3 ppt	0.0 ppt	<b>0.3 ppt</b>	1.1 ppt	0.8 ppt	2005-06 % Change
Unemployment Rate	-1.1 ppt	-0.5 ppt	-0.4 ppt	<b>-0.5 ppt</b>	-0.3 ppt	-0.5 ppt	
Real Wage Rate	1.8%	0.4%	0.9%	<b>0.5%</b>	0.5%	0.8%	
Female/Male Wage Ratio	-1.2%	-2.0%	-1.8%	<b>1.1%</b>	0.6%	0.0%	
Job Creation	3.1%	4.8%	1.7%	<b>1.2%</b>	1.5%	1.9%	
Educational Attainment	3.6 ppt	1.2 ppt	3.2 ppt	<b>2.1 ppt</b>	4.8 ppt	4.4 ppt	2001-06 % Change
Unemployment Rate	-2.9 ppt	-1.2 ppt	-1.1 ppt	<b>-0.8 ppt</b>	0.0 ppt	-0.9 ppt	
Real Wage Rate	1.3%	0.2%	3.1%	<b>2.6%</b>	-1.4%	0.1%	
Female/Male Wage Ratio	0.1%	0.1%	6.8%	<b>8.7%</b>	5.7%	4.3%	
Job Creation	14.3%	14.7%	6.8%	<b>5.9%</b>	9.6%	10.3%	

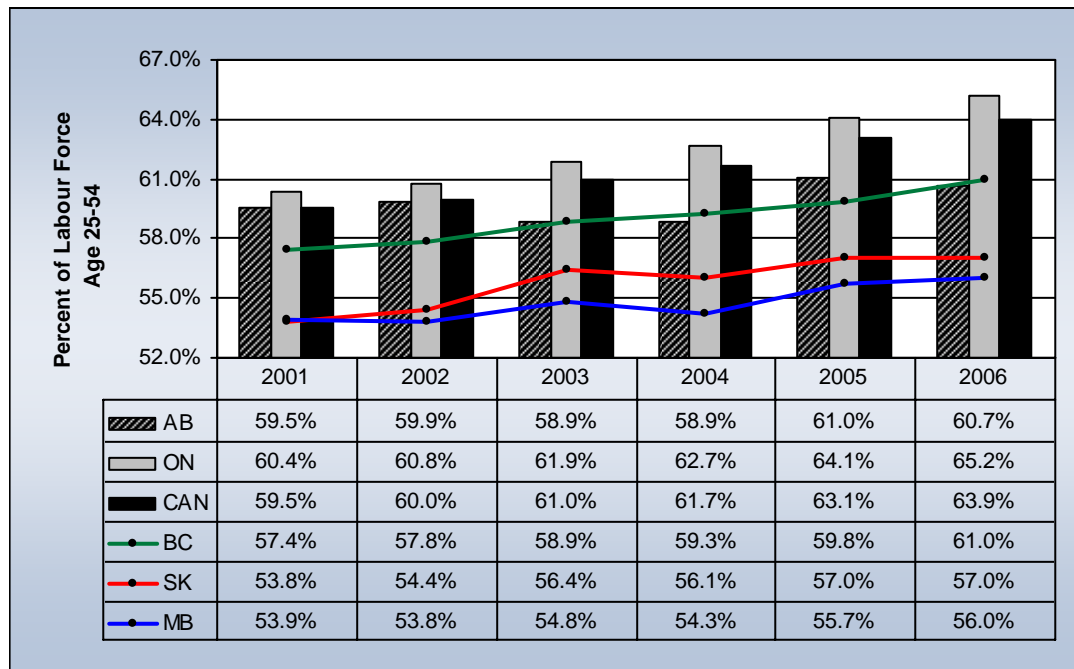
Notes: ppt = percentage point.

### Taking a Closer Look: Educational Attainment

Educational attainment measures the percentage of the population aged 25-54 that have received some level of post-secondary certification.

As the Canadian economy continues to become more knowledge-based - whether in traditional industries such as construction or new industries such as information technology - having an appropriately skilled work force is increasingly important. Many regions are now experiencing shortages in areas such as skilled trades and technical occupations. These shortages will continue to mount as more of the existing work force retires.

**FIGURE 2-1 PERCENT OF LABOUR FORCE AGE 25-54 WITH A POST-SECONDARY CERTIFICATE, DIPLOMA OR HIGHER, PROVINCES AND CANADA, 2001 TO 2006**



Source: Statistics Canada - Labour Force Survey.

While the educational attainment rate saw a slight improvement in 2006 (up 0.3 percent), Manitoba maintained the lowest attainment rate of all regions in 2006 at 56 percent, which was also substantially lower than the Canadian average of 63.9 percent.<sup>2</sup>

Historically Manitoba has had a low level of educational attainment consistently running 5 percent below the national average and 9 percent below the most highly educated province of Ontario.<sup>3</sup> With the increasing use of technology in all industries and need to move away from products that compete on the basis of low wages, given the emergence of low cost competitors like China, having a highly skilled work force is more important than ever.

Manitoba's educational attainment rate is significantly lower than the national average and has not been closing the gap. Over the last 5 years the proportion of Manitoba's labour force with some level of post-

<sup>2</sup> Statistics Canada, *Labour Force Survey*

<sup>3</sup> Statistics Canada, *Labour Force Survey*

secondary education has increased from 53.9 to 56 percent.<sup>4</sup> During this period Manitoba went from having the second lowest level of educational attainment of all jurisdictions, just ahead of Saskatchewan, to last place. The national average during this same period rose from 59.5 to 63.9 percent.

The problem doesn't seem to be that Manitoba isn't graduating enough people from its post-secondary institutions. Between 2000 and 2005 (the latest available information) Manitoba has seen the number of university degrees granted increase from 5,343 in 2000 to 6,453 in 2005. The number of college certificates and diplomas granted during this same period increased from 3,080 to 4,256.<sup>5</sup> If we add the number of degrees and diplomas granted during this period they total 48,108 post-secondary credentials. The corresponding increase in the educational attainment of the province's 25-54 year old labour force was 8,800 people,<sup>6</sup> a difference of some 40,000! Granted the 48,108 graduate figure represents some double counting and some graduates would be younger than 25 or older than 54 and not captured in the educational attainment indicator, and there were 7,260 international students enrolled during this period who may not stay after graduating. However, the differential is striking.

So where is the educated work force? The short answer is Alberta, BC and Ontario. During this same period of 2000 to 2005 Manitoba experienced a net outflow of 16,797 working age people primarily to these three provinces.<sup>7</sup> Why did they leave? The National Graduate Survey conducted a survey of the Class of 2000 graduates and found that while Manitoba graduates incurred less debt than graduates in other provinces they also made less money, e.g. 10 percent less than the national median for bachelor graduates.<sup>8</sup> The survey also found that Manitoba lost more students and graduates than it gained because they were attracted to educational institutions or labour markets outside the province.<sup>9</sup>

The resulting labour shortage is impacting the potential economic growth of the province as, despite Manitoba's steady GDP growth, it is growing at rates below the national average. As noted by the Canada West Foundation, "the most significant problem facing the economy is a shortage of labour".<sup>10</sup>

In response to this loss of skilled labour, the Manitoba government outlined an education and skills strategy for economic growth in its 2007 Budget.<sup>11</sup> These initiatives include a 60 percent tuition rebate for all post-secondary graduates that continue to live and work in the province and a Co-operative Graduates Hiring incentive to support employers who hire recent graduates of co-op education programs. These government initiatives may help to address Manitoba's loss of its educated workers. However, increases in wages will also have to be seen to keep people in the province.

### **Unemployment Rate**

Manitoba's unemployment rate dropped 0.5 percentage points in 2006 which was on par with the national average. Only Alberta had lower unemployment in Canada than Manitoba in 2006. However, in contrast to Alberta much of Manitoba's low unemployment is due to slow growth in the labour force, half the rate of growth of the national average, versus strong job creation. Manitoba had the lowest rate of job creation of

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<sup>4</sup> Ibid

<sup>5</sup> Manitoba Council on Post-Secondary Education, *Statistical Compendium*, Fall 2006

<sup>6</sup> Statistics Canada, Labour Force Survey

<sup>7</sup> Statistics Canada, *Net Inter-provincial Migration*

<sup>8</sup> Statistics Canada, *The Daily*, June 21, 2005

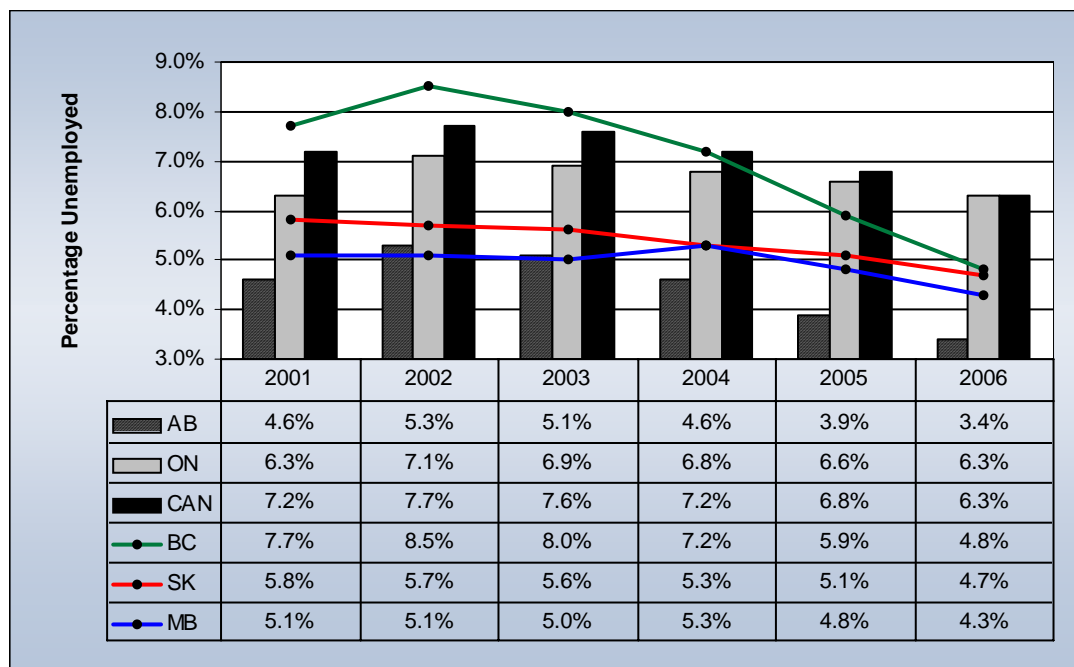
<sup>9</sup> Ibid

<sup>10</sup> Canada West Foundation, *Holding Steady - Manitoba Economic Profile & Forecast*, December 2006

<sup>11</sup> Province of Manitoba, *Budget 2007*

all regions reviewed, running at 1.2 percent in 2006, compared to the national average increase of 1.9 percent and Alberta's mind bending 4.8 percent job growth.<sup>12</sup>

**FIGURE 2-2 UNEMPLOYMENT RATE (POPULATION AGED 15+), PROVINCES AND CANADA, 2001 TO 2006**



Source: Statistics Canada - Labour Force Survey.

So, while a low unemployment rate is usually a good thing, Manitoba's low rate is more an indicator of a problematic shortage of workers that now constrains the economic growth of the province. A recent survey of Manitoba business leaders highlights this point as 72 percent indicated that they had difficulty finding qualified new employees and that the province should be concentrating on new immigrants, youth and skilled workers from other provinces to address these shortages.<sup>13</sup>

In response to this concern, in 2006, just over 7,500 new Canadians moved to Manitoba, representing a record high. This success is credited to a concerted effort by the provincial government to attract immigrants through such programs as the Provincial Nominee Program, which accounted for 89 percent of Manitoba's international immigrants in the past couple of years.

### **Real Wages**

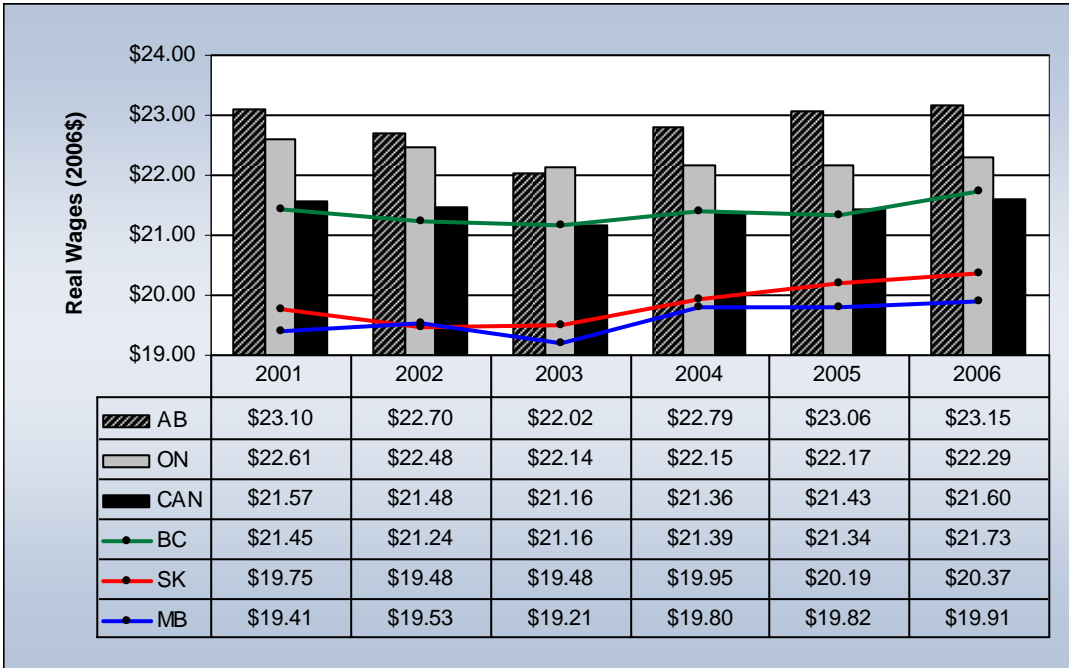
The real wage indicator compares the change in average nominal wages for both hourly and salaried workers<sup>14</sup> against the increase in inflation reflected in the provincial consumer price index.

<sup>12</sup> Ibid

<sup>13</sup> Winnipeg Chamber of Commerce/ Meyers Norris Penny, *4<sup>th</sup> Annual Business Leaders Index*, November 2006

<sup>14</sup> Salaried workers wages are converted to an hourly equivalent to create the single figure for all workers.

**FIGURE 2-3: REAL AVERAGE HOURLY WAGES (2006\$), PROVINCES AND CANADA, 2001 TO 2006**



Source: Statistics Canada - Labour Force Survey.

Real wages in Manitoba increased by a meager 0.5 percent to \$19.91 per hour in 2006.<sup>15</sup> This modest increase came despite a 35-cent increase to Manitoba’s minimum wage to \$7.60 per hour on April 1, 2006. Wage increases in 2006 were the highest for sales and service positions (6.9 percent) and health care occupations (6.5 percent). In contrast, wages in the natural resource sector decreased by 8.7 percent.<sup>16</sup>

Manitoba remained the lowest paying region of all jurisdictions reviewed in 2006 and the wage gap widened with neighboring provinces eager to attract talent. Consequently when business leaders in Manitoba were asked to what should be done to attract more workers, the top four suggestions were wage or net pay related i.e. lower taxes, increase the minimum wage, increase personal tax exemptions, and increase wages and benefits.<sup>17</sup>

### Pay Equality

Manitoba continued to uphold its first place standing in 2006 among all regions by having the narrowest gap between average wages for men and women. Female workers earned 90.9 percent as much as men in the province.<sup>18</sup> Since 2001, this ratio has increased by 8.7 percent, the fastest rate of change of all regions reviewed. Interestingly, this improvement in pay equity came despite the fact that the proportion of Manitoba women in management positions actually decreased from 16.3 percent in 2005 to 15.2 percent in 2006.

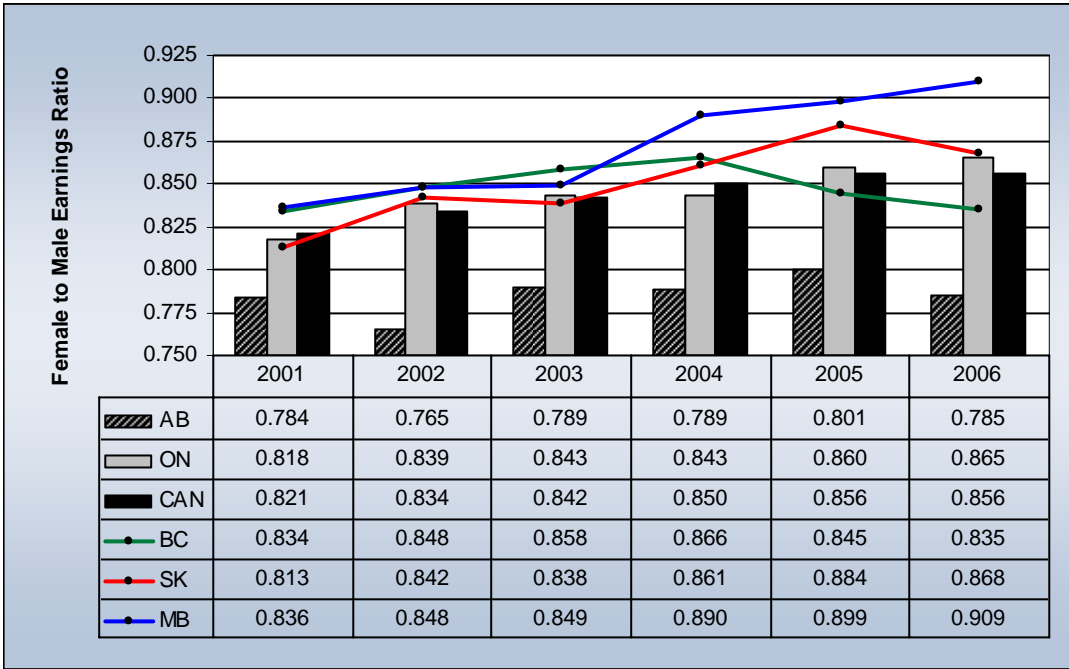
<sup>15</sup> Statistics Canada, *Labour Force Survey*

<sup>16</sup> Canada West Foundation, *Holding Steady Manitoba Economic Profile & Forecast*, December 2006

<sup>17</sup> Winnipeg Chamber of Commerce/ Meyers Norris Penny, *4<sup>th</sup> Annual Business Leaders Index*, November 2006

<sup>18</sup> Statistics Canada, *Labour Force Survey*

**FIGURE 2-4: FEMALE TO MALE EARNINGS RATIO (AGES 15+), PROVINCES AND CANADA, 2001 TO 2006**



Source: Statistics Canada - Labour Force Survey.

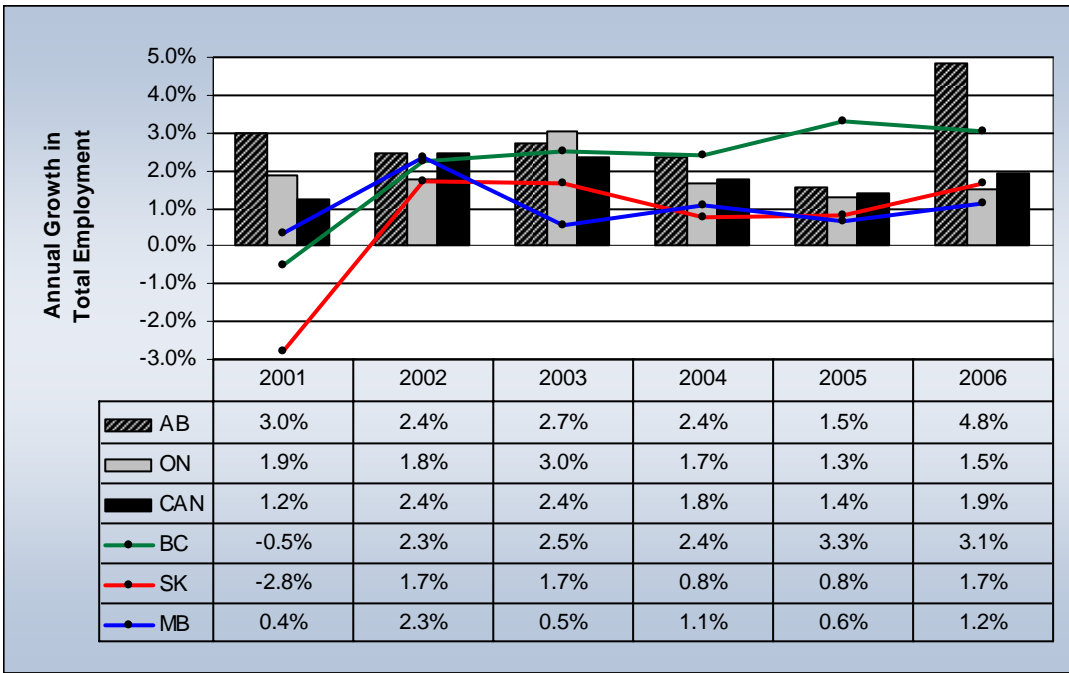
Unfortunately, the reason that the wages for women got closer to those of men in Manitoba was due to men seeing a very low increase in wages (+1.6 percent) while women experienced more average wages growth (+2.9 percent). This differential in male to female wage increases was tied to female dominated sectors such as sales and service positions and health care experiencing the strongest wage growth. At the same time, wages in the male dominated natural resource sector decreased by 8.7 percent.<sup>19</sup>

**Job Creation**

Job creation or destruction measures the absolute change in the number of employed workers within each region. Reported by industry, the job creation/destruction indicators show where new opportunities or losses have occurred in the various sectors of the regional economy.

<sup>19</sup> Canada West Foundation, *Holding Steady Manitoba Economic Profile & Forecast*, December 2006

**FIGURE 2-5: ANNUAL GROWTH IN TOTAL EMPLOYMENT (AGES 15+), PROVINCES AND CANADA, 2001 TO 2006**



Source: Statistics Canada - Labour Force Survey.

Job growth in Manitoba was 1.2 percent in 2006 which was the lowest growth rate of all regions reviewed and below the national average of 1.9 percent.<sup>20</sup> Goods producing industries saw the number of jobs shrink by 1.0 percent as growth in Construction and Non-durable Manufacturing was overshadowed by job losses in Durable Manufacturing, Agriculture and Utilities. Non-Durable Manufacturing growth was driven by food production specifically pork processing.

On the service front, employment grew by 1.8 percent on the strength of Wholesale and Retail Trade, Health Care, Transportation & Warehousing and Finance & Insurance. Strong consumer spending resulted in the creation of 4,900 jobs in the retail trade sector, the largest increase of any industry in the province in 2006. The increase in Health Care employment was linked to aging of the population and the increased demand for health services. Transportation & Warehousing increased to handle the 17.1 percent increase in merchandise exports in 2006.<sup>21</sup> Finally, the increase in employment for Finance & Insurance reflected the 14.2 percent increase in capital investment seen in Manitoba and the strong level of construction activity.<sup>22</sup>

**Conclusions**

While Manitoba saw improvement in all five WORK indicators it was typically modest in comparison with other regions or due to the undesirable loss of workers to other provinces as reflected in the unemployment and educational attainment indicators. Low wages are an issue that has been linked to these modest or undesirable directions in the WORK indicators. Even in the area of Pay Equity where Manitoba continues to outshine all other regions, it was due to weak wage increases for men versus above average wage increases for women.

<sup>20</sup> Statistics Canada, Labour Force Survey  
<sup>21</sup> Manitoba Finance, *Manitoba Economic Highlights*, July 2007  
<sup>22</sup> Ibid

The battle for skilled workers is intensifying globally and its impact has been seen in all of the regions reviewed. The escalating cost of living in places like Alberta and British Columbia may help to curb the out-flow of Manitobans to these places. However, even Saskatchewan is paying higher wages so part of the ultimate solution will be to pay attractive wages for workers that are in high demand, or “show them the money”!