



# **Manitoba's Public Sector is Larger, More Expensive than Most**

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**By Ben Eisen**

## In Brief

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Despite their similar demographics and geographic locations, there are important differences between the structure of the public sectors in Manitoba and Saskatchewan.

Comparing Manitoba to Saskatchewan and other Canadian Provinces:

- Per capita, Manitoba employs significantly more provincial public servants than most provinces (but also employs fewer municipal employees than the Canadian average).
- Only PEI employs more provincial public servants per capita than Manitoba.
- Per capita, Saskatchewan employs slightly fewer provincial public servants than Manitoba (but slightly more municipal public servants).
- The public sector “pay premium” for both the provincial and municipal levels of government is larger in Manitoba than in any other province. This means that the gap between the average pay of government employees and the average pay of all other workers is larger in Manitoba than anywhere else in the country.
- If Manitoba’s rate of public sector employment were brought into line with the national average, the province would save \$370 million each and every year. Put another way, provincial public sector employment in excess of the national average costs the average Manitoban approximately \$320 in taxes each year.
- In Saskatchewan, reducing provincial public sector employment to the level of the national average would save taxpayers over \$200 million per year.
- In the Maritime provinces, comparably significant savings for taxpayers could be achieved by bringing the size of their public services into line with the national average. For example, Newfoundland, a province with a population of just 500,000, spends \$125 million each year more than they would pay if the size of the province’s public service were reduced to match the national average.
- Quebec spends more than any other province on additional provincial employees, and would save over \$400 million per year if its provincial public administration employment rate was reduced to the national average.

## Introduction

This Backgrounder compares provincial public administration employment patterns across Canada, with a particular focus on Manitoba and Saskatchewan. Statistics Canada defines public administration in the following way: "This sector comprises establishments primarily engaged in activities of a governmental nature, that is, the enactment and judicial interpretation of laws and their pursuant regulations, and the administration of programs based on them."

### Number of Provincial and Municipal Public Administration Employees

The following chart illustrates the ratio of total population in each province to public employees at the federal, provincial and municipal levels.

**Table 1: Ratio of Total Population to Public Administration Employees (2008)**

Jurisdiction	Federal Public Admin. Employees per 100,000 Population	Provincial Public Admin. Employees per 100,000 Population	Local Public Admin. Employees per 100,000 Population	Public Admin. Employees (All Three Levels) per 100,000 Population
Canada-wide average	924	838	1,285	3,047
PEI	2,597	1,720	606	4,923
Newfoundland	1,229	1,323	803	3,355
New Brunswick	1,261	1,355	765	3,381
Nova Scotia	1,443	1,036	950	3,429
Saskatchewan	853	1,351	1,318	3,522
Manitoba	1,106	1,425	1,140	3,671
Alberta	566	842	1,420	2,828
BC	755	803	1,159	2,717
Quebec	749	940	1,181	2,870
Ontario	1,079	555	1,439	3,073

Source: Statistics Canada CANSIM Tables 281-0024 and 281-0027 and the 2006 Census

**Provincial public servants are paid significantly more, on average, than local public employees...**

- Provinces with smaller populations (the Atlantic provinces, Manitoba and Saskatchewan) tend to employ more public servants per capita than provinces with large populations.
- **Provincial civil servants:** By far, Ontario employs the smallest number of provincial civil servants per capita at 555 per 100,000 people. The four Atlantic provinces (Newfoundland, PEI, Nova Scotia and New Brunswick) and two Prairie provinces, Manitoba and Saskatchewan, employ the largest number of provincial public servants in proportion to their total population.
- **Municipal civil servants:** At the municipal level, the Maritime provinces employ the fewest public servants as a percentage of total population. Per capita, Ontario and Alberta employ the largest number of municipal public servants. In Manitoba and Saskatchewan, rates of municipal public administration employment are close to the national average.
- **Federal public servants:** The four Atlantic provinces have more federal public servants per capita than are employed in any other province in the country. Alberta has, by far, the fewest federal employees per capita in the country, with 566 per every 100,000 total population. In Saskatchewan, the rate of federal public sector public employment is significantly below the national average. In Manitoba, the rate of federal public sector employment is significantly above the national average.

When all three levels of government are combined, Manitoba and Saskatchewan employ roughly the same number of public servants as a percentage of the total population. The composition of the public sectors in the two provinces, however, are quite different. Specifically, Manitoba employs more provincial employees than Saskatchewan, whereas Saskatchewan employs more municipal public servants.

High rates of provincial public sector employment place the most significant strain on provincial budget resources, because provincial public servants are paid significantly more, on average, than local public employees. Manitoba's high level of public administration employment at the provincial level is therefore a potentially serious risk to the province's fiscal health. Table 2 (next page) illustrates the importance of provincial level public administration employment for government finances by comparing the average rates of pay received by government workers at the municipal, provincial and federal levels. For comparison, Table 2 also shows the average rate of pay received by workers in each province who are employed in any industry other than public administration.

**Table 2: Average Weekly Salaries of Public Administration Employees (2008)**

Jurisdiction	All Industries (\$/Week)	Federal (\$/Week)	Provincial (\$/Week)	Municipal (\$/Week)	Federal Pay Premium	Provincial Pay Premium	Municipal Pay Premium
Canada	\$ 810	\$1,286	\$1,091	\$ 872	59%	35%	8%
Alberta	923	1,172	1,142	973	27%	24%	5%
BC	790	1,272	1,095	912	61%	38%	15%
New Brunswick	729	1,204	952	827	65%	30%	13%
Newfoundland	766	1,215	1,034	N/A	59%	35%	N/A
Nova Scotia	713	1,215	942	801	70%	32%	12%
Ontario	837	1,363	1,145	877	63%	37%	5%
PEI	661	1,141	878	N/A	73%	33%	N/A
Quebec	751	1,246	1,060	801	66%	41%	7%
Saskatchewan	785	1,218	1,037	837	55%	31%	6%
Manitoba	750	1,128	1,129	932	50%	50%	24%

Source: Statistics Canada CANSIM Tables 281-0024 and 281-0027 and the 2006 Census

- In every province and at every level of government, there is a public sector “pay premium.” This means that in every province, on average, municipal, provincial and federal government are all paid more than the average earned by workers across the economy.
- In each province, the pay premium that federal government workers receive is larger than that received by provincial employees.
- Provincial employees are, on average, paid more than municipal government employees in every province.
- In Manitoba, the pay premium for provincial and municipal workers is significantly greater than in any other province. In Saskatchewan, the pay premium is below the national average for both provincial and municipal employees.

This table shows that, because provincial employees are highly paid, high levels of provincial public administration are expensive to maintain. In Manitoba, where government pay premiums are higher than anywhere else in the country, provincial public sector

**Both Saskatchewan and Manitoba employ far more provincial servants per capita...**

employment is particularly costly. Because Manitoba, as shown in Table 1, employs a large provincial public service at this high rate of pay, the cost of public administration is a particularly important issue in that province.

The significance of this problem can be understood by using a simple hypothetical comparison to examine the ratios of provincial public servants compared to total population in jurisdictions across the country. In this hypothetical calculation, we attempt to quantify the costs associated with particularly large public service by forecasting how much money provinces such as Manitoba could save merely by bringing their high rates of provincial public sector employment into line with the national average.

In 2008, Manitoba employed 16,359 civil servants at the provincial level and Saskatchewan employed 13,090. By reflecting on the number of public servants that would be employed in the Prairies if these two provinces had public employment ratios *that were equal to the whole of Canada*, we can begin to understand the strain inflated public sector employment places on selected provincial budgets.

- Both Saskatchewan and Manitoba employ far more provincial servants per capita than most other provinces.
- Manitoba employs an additional 6,741 provincial public servants beyond what would be employed if the ratio between population and provincial public servants in the province was equal to the national average.
- Saskatchewan employs an additional 4,981 provincial public servants beyond what would be employed if the ratio between population and provincial public servants in the province was equal to the national average.

These tables show that provincial public service employment as a percentage of the total population in Manitoba and Saskatchewan is above the national average. In Manitoba, the gap is particularly large, as the rate of provincial public employment is 70% higher than the national average. By considering how much money particular provinces would save if they were to reduce their rate of provincial public administration employment to the level of the national average, the strain that excessive public sector employment places on provincial budgets becomes apparent.

For example, as shown in Table 3 (next page), Manitoba employs 6,741 more provincial public servants than would be the case if the province's rate of provincial public sector employment were equal to the national average. As Table 3 shows, those additional 6,741 public servants are paid, on average, about \$55,000 per year. This means

**Table 3: Provincial Public Sector Employment in Excess of the Canadian Average**

Jurisdiction	Number of Provincial Public Admin. Employees	Number of Employees If Public Admin. Employment Ratio Were Equal to Canadian Average	Number of Provincial Public Admin. Employees Required to Match the National Ratio	Rate of Provincial Public Sector Employment as a Percentage of the Canadian Average
Manitoba	16,359	9,618	-6,741	170.0%
Saskatchewan	13,090	8,109	-4,981	162.0%
Alberta	27,687	27,557	-130	101.0%
British Columbia	33,011	34,451	1,440	90.0%
New Brunswick	9,894	6,114	-3,780	162.0%
Newfoundland	6,686	4,233	-2,454	158.0%
Nova Scotia	9,463	7,650	-1,813	124.0%
Ontario	67,494	101,845	34,351	66.3%
Prince Edward Island	2,337	1,138	-1,199	206.0%
Quebec	70,909	63,200	-7,709	112.0%

Source: Calculations by Author

that if the province's rate of public sector employment were merely brought into line with the national average, the province would save \$370 million each and every year. Put another way, provincial public sector employment in excess of the national average costs the average Manitoban approximately \$320 in taxes each year. In Saskatchewan, reducing provincial public sector employment to the level of the national average would save taxpayers over \$200 million per year.

In the Maritime provinces, comparably significant savings for taxpayers could be achieved by bringing the size of their public services into line with the national average. For example, Newfoundland, a province with a population of just 500,000, spends \$125 million each year more than they would pay if the size of the province's public service were reduced to match the national average. Quebec spends more than any other province on additional provincial employees, and would save over \$400 million per year if its provincial public administration employment rate was reduced to the national average.

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## Conclusion

There are important differences in the organization of public sector employment between the provinces. Per capita, Manitoba and Saskatchewan, employ considerably more provincial public servants than most other provinces. There are not, however, a particularly large number of federal or municipal public servants working in the Prairies.

When federal, provincial and municipal employees are taken together, the ratio of public sector employees to total population is almost identical in Manitoba and Saskatchewan. However, there are important differences in public sector employment between the two provinces. Specifically, Manitoba employs more high-priced provincial employees, whereas Saskatchewan employs more relatively inexpensive municipal public servants. Furthermore, at the provincial and municipal levels, Manitoba pays its public employees significantly higher salaries than Saskatchewan does. In fact, Manitoba pays its public servants a larger public sector pay premium than any other province. Manitoba's large number of provincial public servants, combined with the high salaries that it pays to public servants at all levels of government, combine to make the cost of public administration comparatively high in Manitoba, which places an ongoing strain on the province's finances.



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