



MANITOBA'S PUBLIC SECTOR SWELLS WHILE THE PRIVATE ECONOMY DWINDLES

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Executive Summary

- Since 2015 Manitoba has restrained the growth in provincial government administration to a relatively modest 7.9 percent, which is slightly below the growth in the population.
- Restraint at the provincial level has allowed Manitoba to do slightly better than Saskatchewan, and Manitoba is still doing better than Newfoundland and Labrador, PEI, and New Brunswick.
- Manitoba's public sector, however, didn't lose workers. Manitoba's has 169 public employees per 1,000 people which is the third-highest in the country, exceeded only by Saskatchewan (178) and PEI (175).
- The Canadian average for public sector as a percentage of the workforce is 21.8 percent, but Manitoba is still much higher at 27 percent—almost a quarter higher.
- According to Statistics Canada, the average public administration salary in Manitoba was \$35.84 per hour in 2021 and the province had 179,500 public sector employees. If Manitoba's public sector was at the Canadian average, it would have only 144,526 public sector employees. This represents 34,974 fewer public employees which would save taxpayers over \$2.6B annually (this figure would be even higher if overtime, pensions, and benefits were considered).
- There has been exceptionally rapid growth of the federal government since 2015—federal government administration expenditure in Manitoba grew by 67.9 percent, showing that both the number and the pay were increasing.

Introduction

Manitoba has a larger public sector than most other Canadian provinces, and unfortunately private sector growth has not kept pace. In fact, the number of self-employed Manitobans has actually shrunk between 2015 and 2022. The public service is gobbling increasingly more of taxpayer dollars fed by deficit budgets that burden taxpayers and generations yet unborn.

It is imperative for policy makers in Manitoba to shrink the public sector and, at the same time, facilitate the expansion of the private sector. It is obvious that this is not sustainable over the long-term.

Author William Gairdner has noted that when social welfare recipients and government employees outnumber private sector working people, democracy struggles to constrain the interests of the majority who burden the minority. He compares it to a sheep before two wolves.

Manitoba doesn't have to be the author of its own destruction. By reducing its public sector and facilitating private sector growth, it can grow out of dependency on federal equalization and lead the rest of Canada, instead of trailing it.

“The public service is gobbling increasingly more of taxpayer dollars...”

Public Sector Pay Outpaces Population Growth

Before examining the growth in the various sectors of the Manitoba economy, it is important to consider population as a baseline. Table 1 shows that Manitoba's population, aged 15 years or over, grew by 8.2 percent over a 7-year period, between April 2015 and April 2022. The strongest growth was in PEI (15.8 percent), followed by BC (11.9 percent), Ontario (11.0 percent), and Alberta (9.6 percent). Five provinces had lower growth than Manitoba: Nova Scotia, Quebec, Saskatchewan, New Brunswick, and Newfoundland. These data illustrate that Manitoba is slightly above average for the country, not at the high or the low ends of the distribution.

Population aged 15 years +, 1000s											
	CAN	BC	AB	SK	MB	ON	QC	NB	NS	PEI	NL
Apr '15	29,017	3,947	3,278	850	980	11,250	6,744	627	776	119	446
Apr '22	31,663	4,415	3,593	896	1,060	12,482	7,137	660	835	138	447
Growth	9.1%	11.9%	9.6%	5.4%	8.2%	11.0%	5.8%	5.3%	7.5%	15.8%	0.2%

Calculations by FCPP. Data from Statistics Canada. Table 14-10-0017-02 *Labour force characteristics by province, monthly, unadjusted for seasonality*. DOI: <https://doi.org/10.25318/1410001701-eng>.

Table 2 shows the wages and salaries paid to Manitobans by sector, excluding employer contributions to the Canada Pension Plan and Employment Insurance. In March of 2022, 26.9 percent more wages were paid out to Manitobans than in March of 2015. Wages in goods-producing industries grew by 17 percent, while those in service industries grew by 30 percent. Not surprisingly, healthcare and social services and educational services grew by 38.3 percent and 36.7 percent respectively. These increases have outpaced overall wage growth, which was just 26.9 percent. Healthcare and education are almost completely funded provincially, are consuming increasing amounts of the provincial budget. It should be clear that wage growth in these two sectors cannot outpace private sector and self-employment earnings indefinitely.

By comparison, the federal bureaucracy in Manitoba is a runaway train. This table shows that the Federal government administration grew the fastest at 67.9 percent, showing that both the number and the pay were increasing. This is not an anomaly because the salaries paid to federal bureaucrats grew by

64.8 percent in the country as a whole. But it is not clear that this represents a direct cost to Manitobans. It is possible, for example, that federal services are delivered to people living in Northwest Ontario from federal offices in Winnipeg.

A couple of other trends are worth noting. First, the growth in provincial government administration has been modest at 7.9 percent, slightly below the growth in the population. Second, of the good-producing sector, the fastest growth was in agriculture, forestry, fishing, and hunting at 28.5 percent, followed by manufacturing at 22.5 percent, and mining, oil and gas extraction at 18.1 percent.

	March 2015 (1000s of dollars)	March 2020 (1000s of dollars)	Growth Rate
Wages and salaries	2,304,471	2,924,913	26.9%
All goods-producing industries	546,316	639,445	17.0%
Ag, forestry, fishing and hunting	33,482	43,009	28.5%
Mining and oil and gas extraction	35,392	41,795	18.1%
Manufacturing	258,159	316,139	22.5%
Construction	169,598	195,939	15.5%
Utilities	49,685	42,563	-14.3%
All services-producing industries	1,758,155	2,285,468	30.0%
Trade	282,093	319,813	13.4%
Transportation and storage	150,199	207,179	37.9%
Information and cultural industries	44,566	58,905	32.2%
Finance, real estate, company mgt	190,827	200,842	5.2%
Professional and personal services	336,671	471,990	40.2%
Educational services	207,749	284,074	36.7%
Healthcare and social assistance	327,805	453,195	38.3%
Military	20,982	25,820	23.1%
Federal gov't admin (not military)	68,208	114,494	67.9%
Provincial gov't admin	64,913	70,019	7.9%
Local gov't public administration	64,142	79,137	23.4%

Source: Statistics Canada, Table 36-10-0205-01, *Wages, salaries and employers' social contributions (x 1,000)*.
See <https://www150.statcan.gc.ca/t1/tbl1/en/tv.action?pid=3610020501>, calculations by FCPP.

Employment Growth by Class of Worker

According to Statistics Canada, Manitoba's public sector grew by 8.4 percent between 2015 and 2022, slightly outpacing the population growth of 8.2 percent. Private sector employee growth did not keep pace, reaching 6.7 percent. Worse yet, the number of self-employed workers actually dropped by 4.3 percent over the 7-year period. Thus, it seems evident that the public sector is gaining while some parts of the private sector are shrinking.

Table 3

Manitoba Workers by Class

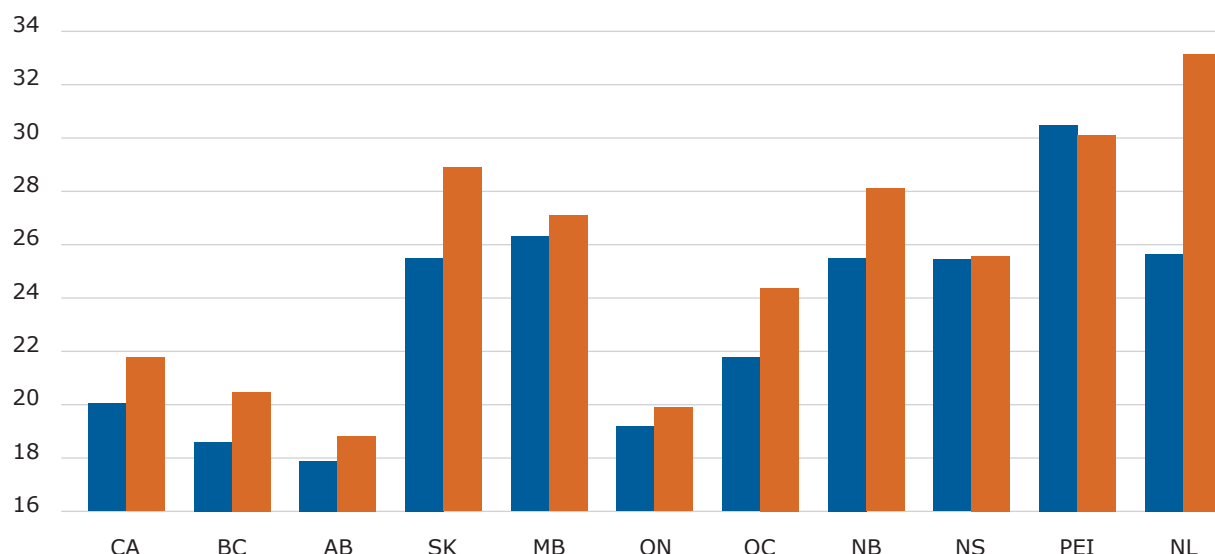
Class of Worker	April 2015 (1000s)	April 2022 (1000s)	Growth Rate
Population 15 years and over	979.60	1060.3	8.2%
Total employed, all classes of workers	629.3	664.9	5.7%
Employees	544.9	584.1	7.2%
Public sector employees	165.6	179.5	8.4%
Private sector employees	379.3	404.6	6.7%
Self-employed	84.4	80.8	-4.3%
SE incorporated, with paid help	19.3	17.3	-10.4%
SE incorporated, no paid help	14.7	12.8	-12.9%
SE unincorporated, with paid help	6.3	6.1	-3.2%
SE unincorporated, no paid help	42.5	44.3	4.2%

Calculations by FCPP. Sources: Statistics Canada Table 14-10-0026-01 *Employment by class of worker, monthly, unadjusted for seasonality (x 1,000)*, <https://www150.statcan.gc.ca/t1/tbl1/en/tv.action?pid=1410002601>. Population from Table 14-10-0017-02 *Labour force characteristics by province, monthly, unadjusted for seasonality*, DOI: <https://doi.org/10.25318/1410001701-eng>.

As mentioned earlier, in both Manitoba and Canada, the public sector has grown faster than the other segments of the workforce. The evidence for this is presented in Figure 1, next page. Among Canadian provinces in 2022, Manitoba had the fifth-highest percentage of its workforce in the public sector. The highest percentage of public sector workers is in Newfoundland and Labrador (33.03 percent) while the lowest percentage is in Alberta (18.73 percent). Over this period of time, restraint at the provincial level has allowed Manitoba to end up slightly better than Saskatchewan. Manitoba remains better than Newfoundland and Labrador, PEI, and New Brunswick.

Figure 1

Percentage of the Work Force in the Public Sector



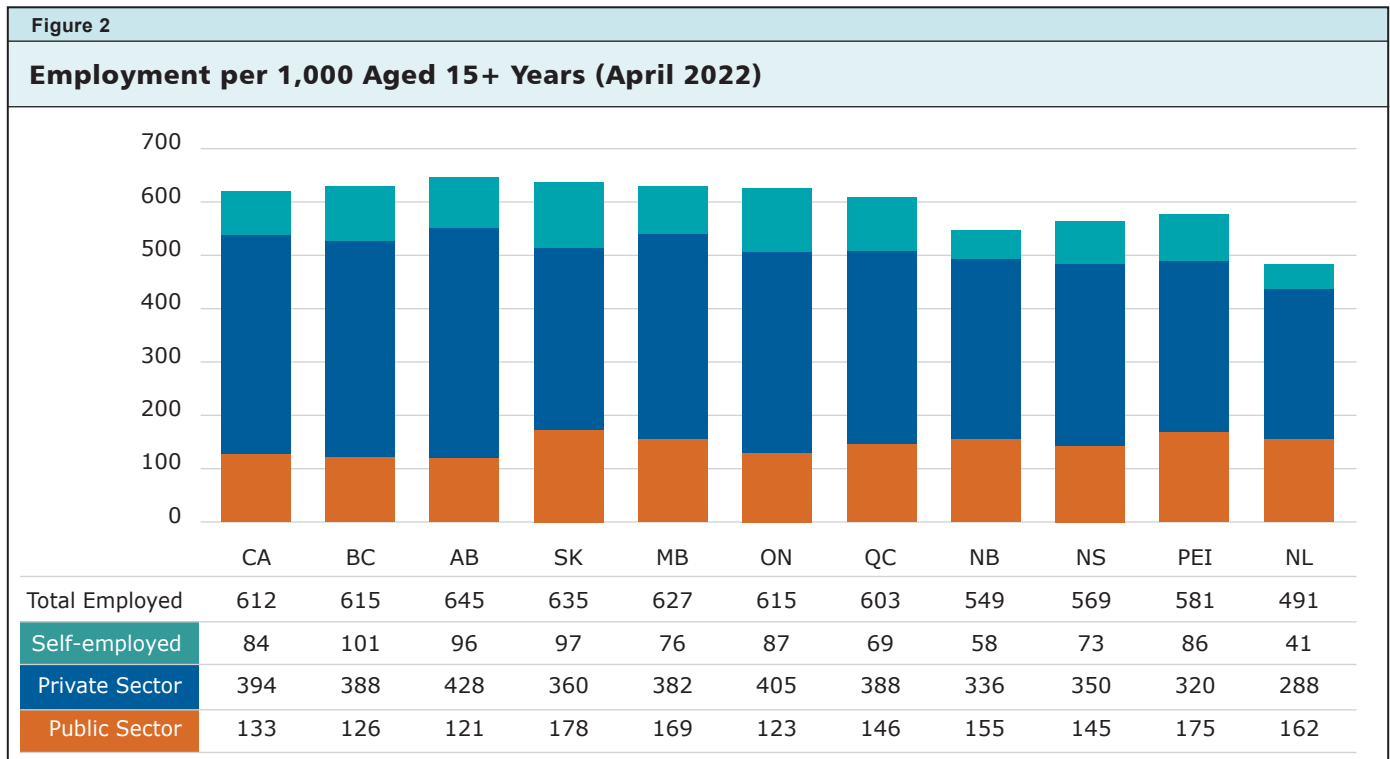
Calculations by FCPP. Sources: Statistics Canada Table 14-10-0026-01 *Employment by class of worker, monthly, unadjusted for seasonality (x 1,000)*, <https://www150.statcan.gc.ca/t1/tbl1/en/tv.action?pid=1410002601>. Population from Table 14-10-0017-02 *Labour force characteristics by province, monthly, unadjusted for seasonality*, DOI: <https://doi.org/10.25318/1410001701-eng>.

The Canadian average for public sector as a percent of the workforce is 21.8 percent, but Manitoba is at 27 percent, about a quarter higher. According to Statistics Canada,¹ the average public administration salary in Manitoba was \$35.84 per hour in 2021 and the province had 179,500 public sector employees.² If Manitoba's public sector was at the Canadian average, it would have only 144,526 public sector employees. This represents 34,974 fewer public employees which would save taxpayers over \$2.6B annually, and this figure would be even higher if overtime, pensions, and benefits were considered.

1. Statistics Canada, Table 14-10-0064-01 *Employee wages by industry, annual*, DOI: <https://doi.org/10.25318/1410006401-eng>.

2. Statistics Canada, Table 14-10-0288-02 *Employment by class of worker, monthly, seasonally adjusted (x 1,000)*, DOI: <https://doi.org/10.25318/1410028801-eng>.

Workforce Growth Losing Ground to Population Growth



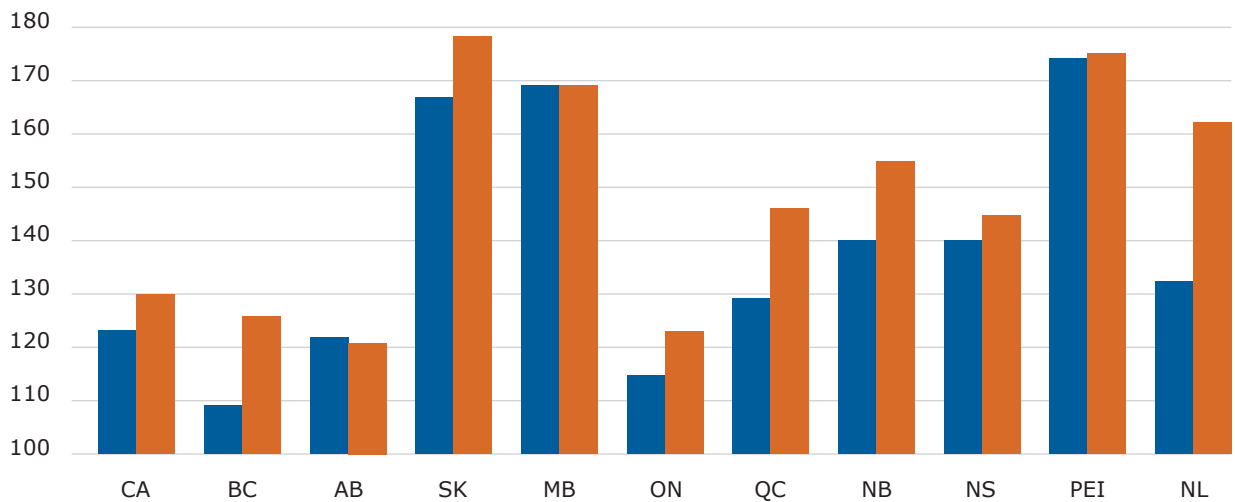
Calculations by FCPP. Sources: Statistics Canada Table 14-10-0026-01 *Employment by class of worker, monthly, unadjusted for seasonality (x 1,000)*, <https://www150.statcan.gc.ca/t1/tbl1/en/tv.action?pid=1410002601>. Population from Table 14-10-0017-02 *Labour force characteristics by province, monthly, unadjusted for seasonality*, DOI: <https://doi.org/10.25318/1410001701-eng>.

Figure 2 shows that for every 1,000 people over the age of 15, Manitoba has 76 self-employed people compared with 86 in 2015. Over this 7-year period the private sector workforce shrank slightly from 387 to 382, while in Canada, the private sector workforce grew slightly from 389 to 394.

Manitoba's public sector, however, didn't lose workers. As Figure 3 shows, next page, Manitoba's 169 public employees per 1,000 people is the third-highest in the country, exceeded only by Saskatchewan (178), and PEI (175).

Figure 3

Public Sector Workers per 1,000 People Aged 15+ Years



	CA	BC	AB	SK	MB	ON	QC	NB	NS	PEI	NL
APRIL 2015	123	109	122	167	169	115	129	140	140	174	132
APRIL 2022	130	126	121	178	169	123	146	155	145	175	162
CHANGE +/-	10	18	-1	10	0	8	17	15	5	1	30

Calculations by FCPP. Sources: Statistics Canada Table 14-10-0026-01 *Employment by class of worker, monthly, unadjusted for seasonality (x 1,000)*, <https://www150.statcan.gc.ca/t1/tbl1/en/tv.action?pid=1410002601>. Population from Table 14-10-0017-02 *Labour force characteristics by province, monthly, unadjusted for seasonality*, DOI: <https://doi.org/10.25318/1410001701-eng>.

Conclusion

“What needs to happen is for the public sector to be slowly reduced while private sector employment expands.”

Manitoba has a relatively large public service sector which has not been expanding as fast as it has been in other provinces. We can thank the PC government for slowing this expansion. Unfortunately, the private employment has not, however, been expanding at a rate comparable to some other provinces. What needs to happen is for the public sector to be slowly reduced while private sector employment expands. The most viable economy has a robust private sector and more restricted public sector.



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