



Town of Neepawa

Manufacturing Sector Profile
November 2018

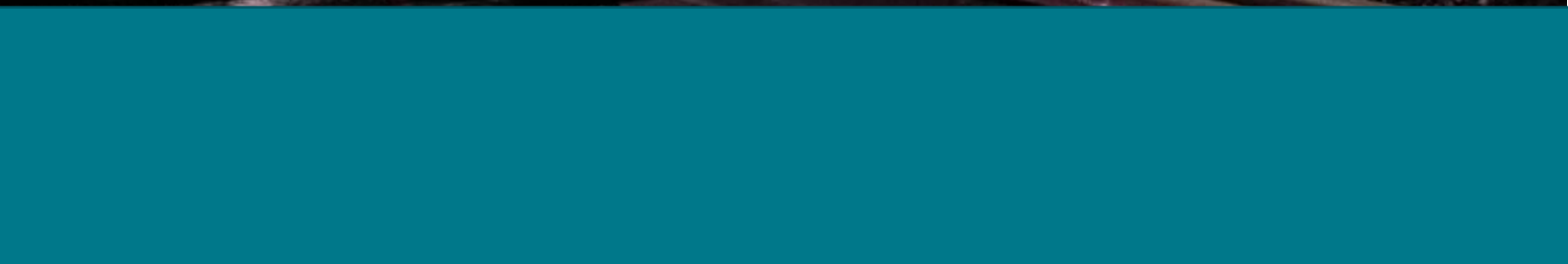




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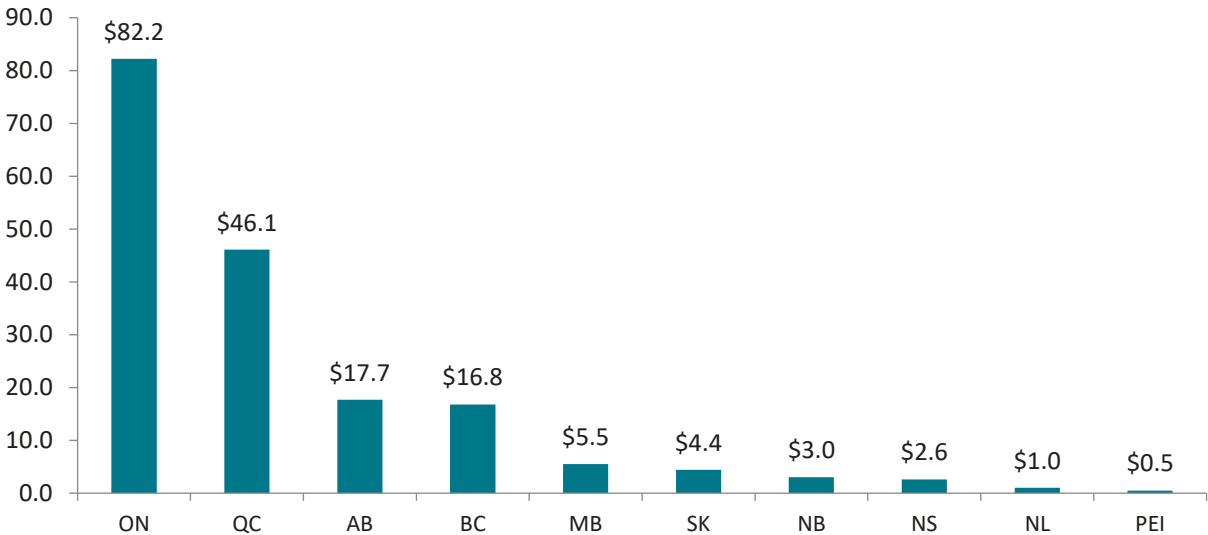
1. Sector Overview

The manufacturing sector comprises establishments primarily engaged in the chemical, mechanical or physical transformation of materials or substances into new products. These products may be finished, in the sense that they are ready to be used or consumed, or semi-finished, in the sense of becoming raw material for an establishment to use in further manufacturing. Under Statistics Canada and the North American Industry Coding System (NAICS) this consists of 21 different sub-sectors.

1.1 Sector Size & Performance

Canada’s manufacturing sector contributed \$1.8 trillion to Canada’s overall GDP in 2017. According to Statistics Canada, Manitoba is the fifth largest output contributor to total manufacturing GDP in Canada, with a contribution of more than \$5.5 billion in 2017.

Figure 1: Gross Domestic Product for Manufacturing Sector by Province 2017 (\$CAD Billions)



Source: Statistics Canada GDP by NAICS at Basic Prices, Table 379-0030, 2018

The manufacturing sector saw contraction in output for 2015 and 2016, however, as energy recovered so did manufacturing with a growth in output for 2017.

Table 1: Manufacturing Sector GDP Output and Year-Over-Year Growth for Manitoba (Millions CAD)

	2013	2014	2015	2016	2017
Manufacturing GDP	5,435.4	5,510.3	5,350.6	5,404.0	5,501.1
Y-O-Y Growth (%)	0.11%	0.14%	-0.29%	0.09%	0.17%

Source: Statistics Canada GDP by NAICS at Basic Prices, Table 379-0030, 2018

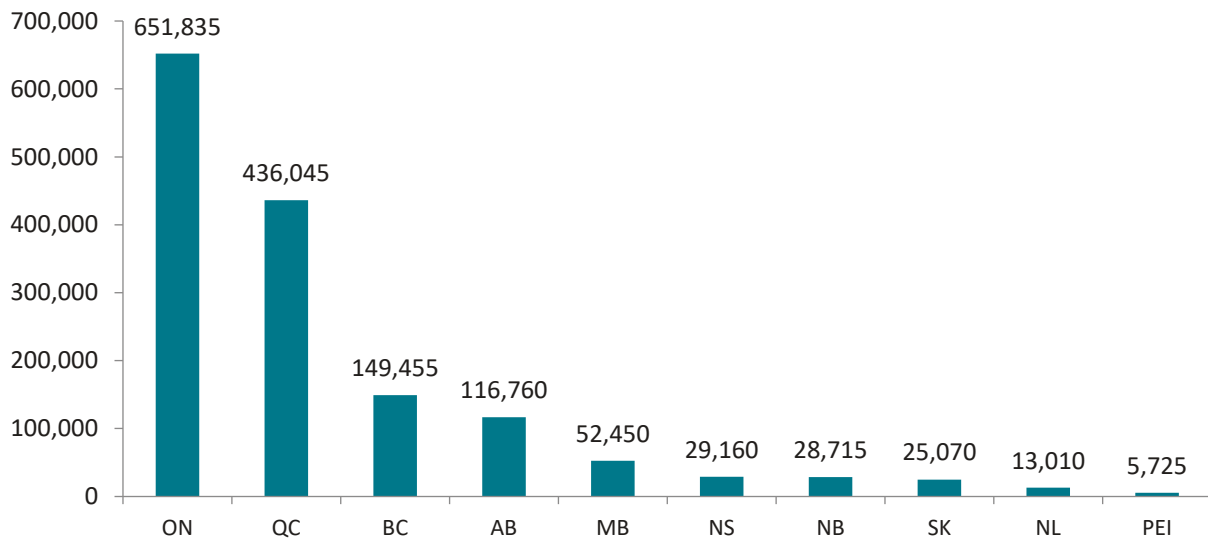


1.2 Workforce & Employment

1.2.1 Employment Data & Projections

The Province of Manitoba has the fifth largest number of employees in the manufacturing sector, employing approximately 3% of the total manufacturing sector workforce in Canada. In terms of overall employment, approximately 8.3% of Manitoba's employed workforce is in manufacturing – the fourth largest percentage of all provinces. Quebec employs 11.0% of their workforce in manufacturing – the highest percentage of all the provinces – followed by Ontario (9.8%) and New Brunswick (8.5%).

Figure 2: Employed Labour Force in Manufacturing Sector, Provinces, 2016 (Number of People)



Source: Statistics Canada, Census, 2016



As of 2017, approximately 635 residents of Neepawa are employed in the manufacturing sector. The most common manufacturing sub-sectors for Neepawa residents working in manufacturing are food manufacturing (477 workers, 75%) and Wood product manufacturing (146, 23%). See Table 2 for a detailed breakdown.

Table 2: Employed Labour Force in Manufacturing Sector, Communities, 2017 (Number of People)

NAICS	Description	Neepawa	Division 15	Manitoba
311	Food manufacturing	477	614	9,701
321	Wood product manufacturing	146	146	2,219
333	Machinery manufacturing	<10	39	6,044
325	Chemical manufacturing	<10	83	2,592
326	Plastics and rubber products manufacturing	<10	<10	3,767
315	Clothing manufacturing	<10	<10	1,005
332	Fabricated metal product manufacturing	<10	134	4,687
314	Textile product mills	<10	<10	463
312	Beverage and tobacco product manufacturing	0	<10	1,016
331	Primary metal manufacturing	0	<10	3,197
313	Textile mills	0	0	13
335	Electrical equipment, appliance and component manufacturing	0	0	716
334	Computer and electronic product manufacturing	0	0	652
336	Transportation equipment manufacturing	0	0	8,281
324	Petroleum and coal product manufacturing	0	0	19
323	Printing and related support activities	0	0	3,183
337	Furniture and related product manufacturing	0	<10	3,907
339	Miscellaneous manufacturing	0	0	1,937
316	Leather and allied product manufacturing	0	0	78
327	Non-metallic mineral product manufacturing	0	0	1,441
322	Paper manufacturing	0	0	1,115
	Total	635	1,039	56,033

Source: Employees & Self-Employed - Emsi 2018.1

*Data note employment numbers are based on estimates by Statistics Canada and may not total exactly.



From 2007-2017 Neepawa gained 384 manufacturing jobs, slightly less than Division 15's 535. Both regions have had significant positive growth compared with the Province of Manitoba which shed 8,798 jobs¹. This indicates Neepawa has had significant relative growth in the sector.

Table 3: Change in Employed Labour Force in Manufacturing Sector, Communities, 2007-2017 (Number of Jobs)

Industry (NAICS)	Description	Neepawa	Division No. 15	Manitoba
311	Food manufacturing	322	399	621
321	Wood product manufacturing	71	71	-2,091
333	Machinery manufacturing	--	25	686
325	Chemical manufacturing	--	29	-657
315	Clothing manufacturing	--	--	-845
326	Plastics and rubber products manufacturing	--	--	-290
331	Primary metal manufacturing	0	--	-708
314	Textile product mills	--	--	-478
334	Computer and electronic product manufacturing	0	0	-428
313	Textile mills	0	0	-142
324	Petroleum and coal product manufacturing	0	0	1
336	Transportation equipment manufacturing	0	0	-636
323	Printing and related support activities	0	0	-586
322	Paper manufacturing	0	0	-544
337	Furniture and related product manufacturing	0	--	-1,994
312	Beverage and tobacco product manufacturing	0	--	153
316	Leather and allied product manufacturing	0	0	-23
332	Fabricated metal product manufacturing	--	90	-380
335	Electrical equipment, appliance and component manufacturing	--	--	-551
339	Miscellaneous manufacturing	--	--	-26
327	Non-metallic mineral product manufacturing	-12	-12	118
	Total	384	535	-8,798

Source: Employees & Self-Employed - Emsi 2018.1

*Data note employment numbers are based on estimates by Statistics Canada and may not total exactly.

See Definition of Census Division 15 in Appendix



Table 4 showcases the location quotients (LQ)² for Neepawa in 2017. The LQs measure the concentration of manufacturing employment in Neepawa, Manitoba Division 15 and Manitoba compared to the national rate.

When compared to Canada and Province of Manitoba, Division 15 and Neepawa have a high concentration of their labour force working in food and wood product manufacturing.

On average, Neepawa has a high concentration of its employed labour force working in manufacturing when compared to Canada as a whole.

Table 4: Manufacturing National Workforce Location Quotients – Neepawa, Division 15 & Manitoba

Industry (NAICS)	Description	Neepawa	Division No. 15	Manitoba
311	Food manufacturing	12.20	4.58	1.13
321	Wood product manufacturing	8.98	2.62	0.62
325	Chemical manufacturing	0.26	1.55	0.76
333	Machinery manufacturing	0.20	0.52	1.24
315	Clothing manufacturing	0.19	0.76	1.24
314	Textile product mills	0.19	0.74	1.04
326	Plastics and rubber products manufacturing	0.09	0.08	1.04
332	Fabricated metal product manufacturing	0.02	1.46	0.80
312	Beverage and tobacco product manufacturing	0.01	0.06	0.65
313	Textile mills	0.01	0.03	0.04
331	Primary metal manufacturing	0.01	0.02	1.56
335	Electrical equipment, appliance and component manufacturing	0.00	0.00	0.58
334	Computer and electronic product manufacturing	0.00	0.00	0.31
324	Petroleum and coal product manufacturing	0.00	0.00	0.03
336	Transportation equipment manufacturing	0.00	0.00	1.15
322	Paper manufacturing	0.00	0.00	0.56
323	Printing and related support activities	0.00	0.00	1.54
337	Furniture and related product manufacturing	0.00	0.03	1.40
339	Miscellaneous manufacturing	0.00	0.00	0.76
327	Non-metallic mineral product manufacturing	0.00	0.00	0.76
316	Leather and allied product manufacturing	0.00	0.00	0.57
	Total	2.42	1.15	0.97

Source: Employees & Self-Employed - Emsi 2018.1

² An LQ of 1.25 and over suggests a high concentration of local activity in an industry and a LQ of less than 0.75 suggests a low concentration of local activity or gap area, in relation to the area being compared against. From a labour force perspective, LQs may offer insight into where local concentrations of industry-relevant skills may exist.



Table 5 showcases the location quotients (LQ)³ for Neepawa in 2018. The LQs measure the concentration of manufacturing employment in Neepawa compared to Division 15 and Manitoba.

When compared to Division 15 and Province of Manitoba, Neepawa has a high concentration of their labour force working in wood product manufacturing and food manufacturing.

Table 5: Manufacturing Local Workforce Location Quotients – Neepawa, Division 15 & Manitoba

Industry (NAICS)	Description	Neepawa / Division 15		Neepawa/ Manitoba	
		LQ	Classification	LQ	Classification
321	Wood product manufacturing	3.35	High	15.77	High
311	Food manufacturing	2.61	High	10.81	High
326	Plastics and rubber products manufacturing	1.34	High	0.11	Low
333	Machinery manufacturing	0.34	Low	0.14	Low
315	Clothing manufacturing	0.30	Low	0.21	Low
325	Chemical manufacturing	0.16	Low	0.33	Low

Source: Employees & Self-Employed - Emsi 2018.1

*Note all 3 Digit NAICS with a value of 0.00 have been removed.

³ An LQ of 1.25 and over suggests a high concentration of local activity in an industry and a LQ of less than 0.75 suggests a low concentration of local activity or gap area, in relation to the area being compared against. From a labour force perspective, LQs may offer insight into where local concentrations of industry-relevant skills may exist.



1.2.2 Occupational Data

The top occupations in Neepawa's manufacturing sector in 2017 included Industrial butchers and meat cutters, poultry preparers and related workers; Labourers in food, beverage and associated products processing; and Supervisors, forest products processing (Table 6).

Table 6: Neepawa Employment in Manufacturing by Top Occupations, 2017

NOC	Description	Neepawa	Division No. 15	Manitoba
9462	Industrial butchers and meat cutters, poultry preparers and related workers	284	329	2,211
9617	Labourers in food, beverage and associated products processing	113	116	1,669
9215	Supervisors, forest products processing	27	27	287
7311	Construction millwrights and industrial mechanics	18	32	1,422
9614	Labourers in wood, pulp and paper processing	<10	<10	304
	Total	447	510	5,892

Source: Employees & Self-Employed - Emsi 2018.

*Note table includes the total for all occupations in the sector not just top 5.

Table 7 highlight the top growing manufacturing occupations from 2007-2017. The vast majority of growth was in Industrial butchers and meat cutters, poultry preparers and related workers and Labourers in food, beverage and associated products processing.

Table 7: Neepawa Employment in Manufacturing by Top Occupations Change, 2007-2017

NOC	Description	Neepawa	Division No. 15	Manitoba
9462	Industrial butchers and meat cutters, poultry preparers and related workers	197	233	412
9617	Labourers in food, beverage and associated products processing	99	100	89
9215	Supervisors, forest products processing	12	12	39
7311	Construction millwrights and industrial mechanics	7	16	-29
9614	Labourers in wood, pulp and paper processing	--	--	-277
	Total	293	340	233

Source: Employees & Self-Employed - Emsi 2018.1

*Note table includes the total change for all occupations in the sector not just top 5.



1.2.3 Wages/Salary Data

Workers in the top manufacturing occupations within the Southwest Region which includes Neepawa, typically make a median hourly wage between \$15.00 and \$29.73 (depending on the position)⁴. The average manufacturing median wage in the Southwest Region is \$19.17, which is slightly higher than the Manitoba average (\$18.73) and slightly lower than the Canadian average (\$19.85).

Below are the most current wage estimates for manufacturing professionals in the Southwest Region, Manitoba, and Canada using the Government of Canada’s Wage Report.

Table 8: Median Hourly Wages for Manufacturing Occupations 2018

NOC	Description	Southwest Region	Manitoba	Canada
9462	Industrial butchers and meat cutters, poultry preparers and related workers	\$16.95	\$19.95	\$21.00
9617	Labourers in food, beverage and associated products processing	\$15.00	\$14.50	\$15.00
9215	Supervisors, forest products processing	\$15.00	\$14.50	\$15.00
7311	Construction millwrights and industrial mechanics	\$29.73	\$29.73	\$29.33
9614	Labourers in wood, pulp and paper processing	N/A	\$14.98	\$18.36

Source: Economic and Social Development Canada, Wage Report, Sept 2017

1.2.4 Education and Training

Neepawa has approximately 195 people (4.2% of the town’s total population) educated in manufacturing-related fields. Combined, Neepawa and Division 15 have 2.2% of the people educated in manufacturing-related skills in the province

Table 9: Major Field of Study (Number of People, 2016)

Major Field of Study	Neepawa	Division 15	Manitoba	Neepawa + Division 15/ Manitoba %
Architecture & Related Services	0	25	2,025	1.2%
Engineering & Engineering Technologies	25	125	13,840	1.1%
Construction Trades	95	400	16,060	3.1%
Mechanical and Repair Technologies	65	420	20,395	2.4%
Precision Production	10	135	7,655	2.0%
Total with Manufacturing-Related Education	195	1,105	59,975	2.2%

Source: Statistics Canada, Table 98-400-X2016285, 2016

⁴ Outliers have been removed.



The top 3 manufacturing occupations in Neepawa all have fair projected outlook from Economic and Social Development Canada and, for the most part, are semi-skilled and do not require more than on the job or some secondary school education. This indicates these occupations will continue to be in demand and do not require high levels of education. The fourth highest occupation in the sector, Construction millwrights and industrial mechanics, requires significantly more education and has a less confident outlook in the region.

Table 10: Outlook and Skills Requirements in Neepawa

NOC	Description	Outlook	Educational Requirements
9462	Industrial butchers and meat cutters, poultry preparers and related workers	Fair	Completion of secondary school may be required. For industrial meat cutters, completion of a program in industrial meat cutting or Experience as an industrial butcher or trimmer is required. On-the-job training is provided for industrial butchers, poultry preparers and trimmers.
9617	Labourers in food, beverage and associated products processing	Fair	Some secondary school education may be required.
9215	Supervisors, forest products processing	Fair	Some secondary school education may be required.
7311	Construction millwrights and industrial mechanics	Limited	Completion of secondary school is usually required. Completion of a three- to four-year apprenticeship program or A combination of over five years of work experience in the trade and some high school, college or industry courses in industrial machinery repair or millwrighting is usually required to be eligible for trade certification. Textile machinery mechanics hired from other industries may require additional training in textile processes and experience as a textile manufacturing machinery operator. Industrial mechanic (millwright) trade certification is compulsory in Red Seal endorsement is also available to qualified industrial mechanics or millwrights upon successful completion of the interprovincial Red Seal examination.
9614	Labourers in wood, pulp and paper processing	Undetermined	Completion of secondary school is required by the pulp and paper industry and by other large employers.

Source: Economic and Social Development Canada, Labour Market Information, Sept 2017



1.3 Local Industry

1.3.1 Business Establishment Counts

According to the Canadian Business Counts, there were 17 manufacturing businesses registered in Neepawa as of December 2017. Business counts are derived from GST registered businesses that earn over \$30,000 and are organized by number of employees.

Approximately 35.3% of businesses in the town's manufacturing sector are sole-proprietors (without employees), 29.4% of businesses employ 5-9 people with 1 business employing over 500 people (Hylife).

The majority of firms are found within the sub-sectors of food manufacturing (5 businesses), machine manufacturing (5 businesses) and wood product manufacturing (3 businesses).

Table 11: Manufacturing Sector Business Establishments Count in Neepawa

Industry (NAICS)	Without Employees	With Employees	1-4	5-9	10-19	50-99	500 +
3111 Animal food manufacturing	1	2	1	1	0	0	0
3331 Agricultural, construction and mining machinery manufacturing	1	2	0	0	2	0	0
3116 Meat product manufacturing	0	2	0	1	0	0	1
3323 Architectural and structural metals manufacturing	2	0	0	0	0	0	0
3212 Veneer, plywood and engineered wood product manufacturing	0	1	0	0	0	1	0
3219 Other wood product manufacturing	0	1	0	1	0	0	0
3273 Cement and concrete product manufacturing	0	1	0	1	0	0	0
3327 Machine shops, turned product, and screw, nut and bolt manufacturing	1	0	0	0	0	0	0
3361 Motor vehicle manufacturing	1	0	0	0	0	0	0
3371 Household and institutional furniture and kitchen cabinet manufacturing	0	1	0	1	0	0	0
3399 Other miscellaneous manufacturing	0	1	1	0	0	0	0
Total	6	11	2	5	2	1	1

Source: Statistics Canada, Canadian Business Patterns Survey, December 2017. Adapted by MDB Insight Inc.



1.3.2 Business Establishment Location Quotients

Table 12 showcases the location quotients for Neepawa in 2017. The LQs measure the concentration of manufacturing businesses in Neepawa relative to the Division 15 and Manitoba.

When compared to Division 15 and Manitoba, Neepawa has a high concentration of businesses that are in Animal food manufacturing, Veneer, plywood and engineered wood product manufacturing and Motor vehicle manufacturing.

On average, Neepawa has a high concentration of its businesses working in manufacturing compared to the Division 15 and the province as a whole.

Table 12: Manufacturing Business Establishments Location Quotients – Neepawa vs Division 15 & Manitoba

Industry (NAICS)	Neepawa / Division 15		Neepawa / Manitoba	
	LQ	Classification	LQ	Classification
Manufacturing LQ Average	3.75	High	6.6	High
3111 Animal food manufacturing	16.20	High	18.8	High
3116 Meat product manufacturing	1.54	High	6.0	High
3212 Veneer, plywood and engineered wood product manufacturing	5.40	High	14.0	High
3219 Other wood product manufacturing	2.70	High	1.8	High
3273 Cement and concrete product manufacturing	2.70	High	3.1	High
3323 Architectural and structural metals manufacturing	1.80	High	3.1	High
3327 Machine shops, turned product, and screw, nut and bolt manufacturing	1.08	Average	2.1	High
3331 Agricultural, construction and mining machinery manufacturing	2.31	High	5.2	High
3361 Motor vehicle manufacturing	5.40	High	16.5	High
3371 Household and institutional furniture and kitchen cabinet manufacturing	1.08	Average	1.2	Average
3399 Other miscellaneous manufacturing	1.08	Average	0.8	Average

Source: Statistics Canada, Canadian Business Counts Survey, December 2017. Adapted by MDB Insight Inc.



1.3.3 Financial Profile of Businesses

The data from 1,575 Manitoba manufacturing businesses, with revenues ranging from \$30,000 to \$5 million, was collected through Statistics Canada’s Small Business Profiles program to showcase average earnings and costs to businesses. Select financial performance data is outlined below, with a breakdown of operating expenses into major areas of interest.

On average, Manitoba manufacturing businesses spend 15% on labour and commissions; 3% on amortization and depletion; 3% on rent; and 2% on utilities and telecommunications.

Table 13: Financial Performance Data for Manitoba Manufacturing Businesses 2016

Major Field of Study	Whole Industry	Bottom Quartile	Lower Middle	Upper Middle	Top Quartile
Total Revenue (\$000)	\$772.6	\$51.8	\$149.7	\$524.4	\$2,364.3
Labour & Commissions	\$108.9	\$2.8	\$23.1	\$101.3	\$308.3
Amortization and depletion	\$24.6	\$3.2	\$6.6	\$19.2	\$69.4
Rent	\$19.8	\$1.9	\$7.0	\$20.6	\$49.6
Utilities & Telecommunications	\$12.4	\$2.1	\$4.7	\$11.9	\$31.1
Other Expenses ⁵	\$55.7	\$9.6	\$22.7	\$44.9	\$145.7
Total Expenses (\$000)	\$736.4	\$80.8	\$139.4	\$502.0	\$2,223.5
Net Profit/Loss (\$000)	\$36.2	-\$28.9	\$10.3	\$22.4	\$140.8

Source: Statistics Canada, Small Business Profiles, 2016. Adapted by MDB Insight Inc.



1.3.4 Major Employers

Major manufacturing employers within Neepawa are listed in Table 14, this table is based on primary manufacturing NAICS codes.

Some of the most common sub-sectors of major manufacturing employers in Neepawa include: food manufacturing and wood product manufacturing which is expected due to high concentrations of business and labour LQs.

Table 14: Major Employers in Neepawa Manufacturing Sector

Company	Number of Employees	Manufacturing Sub-Sector
Hylife Foods LP	600	Food Manufacturing
HyLife Ltd.	350	Food Manufacturing
Spring Hill Colony Farms Ltd.	65	Food Manufacturing
Stella-Jones Inc.	55	Wood Product Manufacturing
Northstar Seed Ltd.	22	Food Manufacturing
Twilite Hi Pro Mfg Ltd.	12	Metal Products Manufacturing
Tridekon Ltd.	12	Machinery and Equipment Manufacturing
This N' That Mfg Ltd.	11	Furniture Manufacturing
Farmery Estate Brewing Company Inc.	10	Beverage Manufacturing
Kozak F & Sons Ltd.	7	Cement and Concrete Product Manufacturing
Guinn Bros Memorials Inc.	5	Non-Metallic Mineral Product Manufacturing

Source: Hoovers 2018

*Note this list is not exhaustive and is a combination of the Hoovers database and MDB Insight research, employment numbers may be estimates in some cases and may include employers in the area surrounding the community.



1.4 Trade (Exports & Imports)

In 2017, Manitoba exported approximately \$9.3 billion dollars in total manufactured products. The USA, China, Japan, Mexico and Australia were the top five destination markets, with the USA representing the majority share – approximately 74%. Top manufacturing exports include: Motor Vehicles, Trailers, Bicycles, Motorcycles and Other Similar Vehicles; Nuclear Reactors, Boilers, Machinery and Mechanical Appliances; and Meat and Edible Meat Offal.

Table 15: Manitoba Manufacturing Exports Value and Y-O-Y Growth (Millions CAD)

2013	2014	2015	2016	2017
\$7,642	\$8,155	\$9,049	\$9,159	\$9,322
	7%	11%	1%	2%

Source: Statistics Canada, Trade Data Online, 2017

In 2017, Manitoba imported approximately \$19.9 billion dollars in total manufactured products. The USA, China, Mexico, Germany and Japan were the top five source markets, with the USA representing the majority share – approximately 76%. Top manufacturing imports include: Nuclear Reactors, Boilers, Machinery and Mechanical Appliances; Motor Vehicles, Trailers, Bicycles, Motorcycles and Other Similar Vehicles; and Electrical or Electronic Machinery and Equipment.

Table 16: Manitoba Manufacturing Import Value and Y-O-Y Growth (Millions CAD)

2013	2014	2015	2016	2017
\$17,748	\$18,667	\$18,914	\$17,950	\$19,950
	5%	1%	-5%	11%

Source: Statistics Canada, Trade Data Online, 2017



1.5 Sector Trends & Outlook

1.5.1 Manufacturing Trends

Three major trends that are dominating the manufacturing sector worldwide include the following.

Robotics & Automation: The use of robotics and automated systems in the manufacturing sector is nothing new, in fact, RBC Economics reports that manufacturing productivity growth in Canada has averaged 2.8 per cent a year since 1961 – meaning fewer workers are needed to produce the same or greater output, primarily thanks to the adoption of automation⁶. With skilled labour shortages being one of the greatest challenges facing the sector, the integration of automation and robotics in manufacturing processes will need to grow for manufacturing companies to maintain their competitiveness in the global market.

Internet of Things (IoT) and Data Integration: To put simply, the Internet of Things (IoT) combines the idea of internet connectivity with physical devices, whether they be traditionally connective devices, such as computers and cellphones, or non-traditional devices, such as thermostats, toasters and washing machines. From a manufacturing perspective, IoT technology allows workers to monitor the performance of operations and processes. IoT devices used to track manufacturing operations can not only showcase efficiency in real time, but also have the potential for predictive analytics – the ability to use captured data to predict potential mechanical failures and maintenance needs. The use of these devices will continue to grow as they provide manufacturers the ability to processes to increase productivity, reduce costs, and even improve safety.

Additive Printing & Rapid Prototyping: Additive printing, more commonly known as 3D printing, has been growing in its potential to serve the manufacturing industry. The idea of using additive printing for rapid prototyping (quick fabrication of a scale model to test concept) has allowed manufacturers to reduce the time and cost it takes to test and troubleshoot parts prior to manufacturing them. Additive printing is also being used to create molds, jigs, and fixtures, reducing the time and cost associated with tooling as well. It has potential in manufacturing across all sub-sectors, but has already proven itself vital in automotive, aerospace, and medical device manufacturing application.

1.5.2 Manitoba Manufacturing Outlook

According to the Manitoba Bureau of Statistics, real GDP growth in Manitoba improved from a low of 1.3% in 2015 to 2.2% in 2017. The Manitoba Finance Survey of Economic Forecasts indicates 2.0% growth in 2018 and 1.6% growth in 2019. This compares to 2.3% and 1.8% growth forecast for Canada in 2018 and 2019, respectively.

The projected overall growth in global demand should support Manitoba's exports and business investment in manufacturing and wholesale capacity, while growth in population and jobs will continue

⁶ RBC Economics. (February 2017). *The Decline in Manufacturing's Share of Total Canadian Output — A Source of Concern?*
Source: <http://www.rbc.com/economics/economic-reports/pdf/other-reports/Manufacturing%20Trends-Feb2017.pdf>



to lift domestic spending. In addition, stable government infrastructure spending will add to growth⁷.

Manitoba's export value growth has slowed significantly since from 2015-2017, with slowing growth in the agriculture, mining and construction sectors. RBC is forecasting 4.5% growth in the manufacturing sector for 2018 as growth is projected in the United States and neighboring provinces. The major risk to growth being the potential restrictions on trade implemented by the current American administration⁸.

1.5.3 Canada Manufacturing Outlook

Overall the growth of Canada's manufacturing sector will depend on two major factors: (1) its ability to innovate and improve efficiency to compete with a global market and (2) the country's ability to maintain and increase trade relations across the globe. Unfortunately, both areas are under major threat to both the country and the province.

KPMG reports the majority of Canadian manufacturing companies spent three per cent or less of their revenue on R&D and innovation – trailing their global counterparts⁹. In response to Canada's low rates of R&D and innovation, the Government of Canada announced its Innovation and Skills Plan in their 2017 Budget. Their plan includes providing businesses innovation-specific programming and grants (the Strategic Innovation Fund); supercluster funding and development; increasing venture capital for innovation through the Business Development Bank of Canada; and specific investments to clean technology development and innovation¹⁰.

The success of Canada's manufacturing sector is also highly attached to trade – and with the current geopolitical landscape growing increasingly nationalistic and territorial, Canadian manufacturing businesses are facing some of the highest levels of uncertainty and risk over the next few years. In response to new tariffs placed on aluminum and steel by the USA, the Government of Canada has allocated \$250 million from the Strategic Innovation Fund to minimize the losses to Canadian manufacturers and to bolster their competitiveness. Moves by the federal government to alleviate uncertainty in trade include exploring new and increased trade agreements with other nations. However, with the USA being Canada's largest export market for manufacturing (accounting for 80% of Canada's total manufacturing exports), the ongoing trade dispute between the USA and Canada has the potential to put the sector and country into recession.

⁷ Government of Manitoba Economic Review and Outlook Source: www.gov.mb.ca/finance/budget18/papers/A_Economic_r.pdf

⁸ RBC Manitoba Provincial Forecast

Source: www.rbc.com/economics/economic-reports/pdf/provincial-forecasts/man.pdf

⁹ KPMG. (2016). Canadian Manufacturing Outlook 2016.

Source: <https://assets.kpmg.com/content/dam/kpmg/ca/pdf/2016/09/ca-canadian-manufacturing-outlook-2016.pdf>

¹⁰ Government of Canada. (2017). Budget 2017: Canada's Innovation and Skills Plan

Source: <https://www.budget.gc.ca/2017/docs/themes/innovation-en.html>



2. The Neepawa Advantage

2.1 Core Cluster

2.1.1 Food Manufacturing

This sub-sector is a strong manufacturing cluster for Neepawa through high employment and business count LQs as well as promising employment outlooks. Food manufacturing is expanding across Manitoba, with much of its advantage coming from the abundant, local agriculture feedstock, which supplies many businesses with cost-effective ingredients. In addition, unique food-related facilities and incubators within the province, as well as growing support for the sub-sector through government grants and programs, give entrepreneurs their footing in the industry to help them launch their products, locally, nationally and internationally.

Government Support

Neepawa has key strengths in Food Manufacturing due to the presence of the major pork processing firm HyLife. HyLife was founded in 1994 as a joint venture and now the largest pork producer in Canada. HyLife sells pork products around the world, including Japan, China and Russia. The key to Neepawa's success in this sector has been the ability to provide a large skilled workforce in a logistically sound position.

On September 14, 2018, the Province of Manitoba announced support for a \$105 million expansion of HyLife facilities in Neepawa and a new feed mill in the R.M. of Killarney-Turtle Mountain. The support includes tax increment financing estimated at \$9.5 million over 22 years¹¹, combined with an additional \$2 million through the Growing Forward 2 program funded in partnership with the Government of Canada.

2.2 Local & Regional Assets

2.2.1 Post-Secondary Institutions

Neepawa Area Collegiate Institute

Neepawa Area Collegiate Institute is a grade 7-12 school located in the Beautiful Plains School Division. The institute has 607 students (2018) enrolled and can provide a solid source of workforce for this sector.

Assiniboine Community College

Assiniboine Community College offers classes in Neepawa and various post-secondary courses on campus in Brandon. The school has been in operation in Brandon for 55 years and offers 40 different programs including apprenticeship programming in a range of skilled trades disciplines¹².

¹¹ Province of Manitoba: MANITOBA BACKS EXPANSION OF HYLIFE FOODS
Source: <https://news.gov.mb.ca/news/index.html?item=44603>

¹² Assiniboine Community College
Source: <https://assiniboine.net/about>



Brandon University

Brandon University is 75 km from Neepawa with an enrollment of 3,073 (2015) full-time and part-time undergraduate and graduate students. The current location was founded on July 13, 1899, as Brandon College as a Baptist institution. It was chartered as a university by then President Dr. John E. Robbins on June 5, 1967¹³.

The University of Winnipeg

The University of Winnipeg offers a wide variety of undergraduate and graduate degrees, including a Masters in Management program with focus on technology, innovation and operations. Other notable degrees include the Master in Applied Computer Science, and BA/BSc in Information Systems.

University of Manitoba

The University of Manitoba is the province's largest university, with more than 90 degrees offered across all faculties. Located in Winnipeg, it is home to Manitoba's only law school, accredited MBA program, and engineering faculty, and more. There are a number of research laboratories active on campus, from mechanical to electrical and computer engineering.

The campus is also home to Smartpark Research and Technology Park, a 100 acre site comprised of research and technology companies and organizations involved in Information and Communications Technology, Engineering and Advanced Materials, Health and Biotechnology, and Agricultural and Nutritional Sciences and coincides with research expertise at the University.

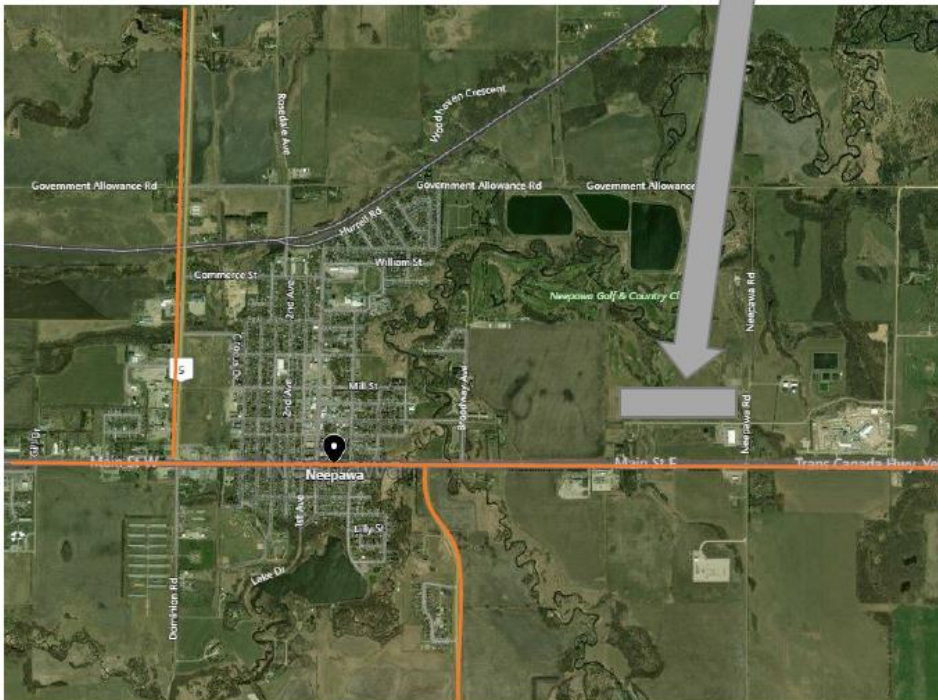
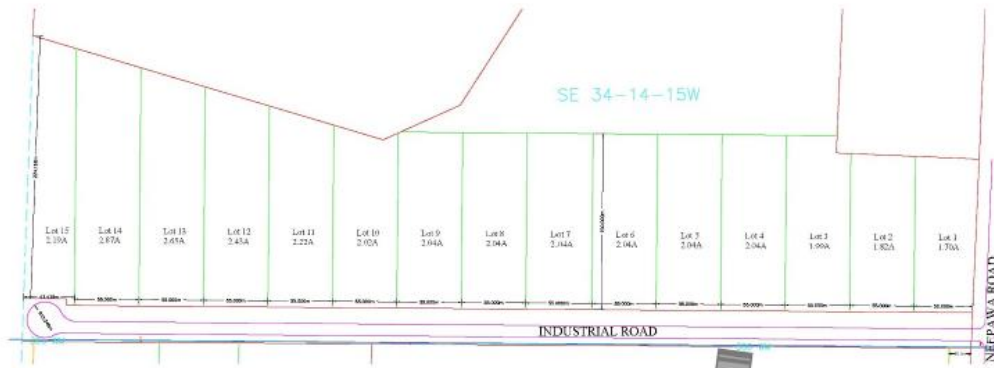
¹³ Brandon University
Source: <https://www.brandonu.ca/>



2.2.2 Major Land & Infrastructure

Neepawa Industrial Park

A total of 30 acres located on the east side of Neepawa on Highway 16 which is a Road Transportation Association of Canada designated route. The property is subdivided into 2 acre lots. Town water supply is available as is natural gas and hydro. The buyer will be responsible for directional drilling for water hook-up, building an approach to the Town's specs and building out the sewage system.



Source Town of Neepawa Industrial Park Overview



2.3 Market Position & Competitiveness

In food manufacturing, Neepawa faces major competition from its larger, neighbouring communities. Although it cannot compete with Winnipeg or Brandon in size and location it can compete in areas of quality of life, affordable living, large trained workforce and affordable business and land costs.

2.3.1 Strengths & Opportunities

Near Larger Cities with Key Assets & Attraction Potential: Although being near larger cities can have its downfalls it also creates opportunity. Both Brandon and Winnipeg are home to key post-secondary and research assets that are beneficial to creating a highly-skilled workforce. These institutions can also be valuable industry partners for research and development coordinated with industry. In addition, there is potential for Neepawa to attract businesses who are looking to leave or expand from Brandon and Winnipeg and looking to invest in the Southwest something the Town has already benefited from with companies like HyLife.

Quality of Life & Affordable Living: Many choose to live in Neepawa due to the quality of life the town offers them in terms of family-sized housing affordability as well as the benefits that come from living in a smaller center versus a larger city. These benefits include having all necessary amenities close-by, being more family-oriented in its amenities and activities, being closer to the outdoors, and typically having a stronger-knit community vibe. According to the 2016 Census, the average dwelling value in Neepawa was \$221,776, approximately \$75,668 less than the average dwelling value in Manitoba.

Growing Regional Hub for Surrounding Communities: In addition to its current residential growth, over 1,000 new people moved to Neepawa between 2011 and 2016. The town is a retail and services hub for people from surrounding smaller towns and rural areas, providing a strong customer base for businesses choosing to locate in Neepawa.

Major Local Employers: Neepawa has seen major investments and expansions from HyLife creating hundreds of jobs for the community. These jobs have contributed greatly to the expansion of the community and industrial infrastructure and create new opportunities for spin off economic growth.

2.3.2 Weaknesses

Workforce Retention: The vast majority of the manufacturing jobs available in Neepawa are semi-skilled and relatively low paying although paying higher than the Canadian and Manitoba averages. Many of these jobs have been filled by immigrant workers placing greater pressure on the community to integrate these workers. This influx has the potential to place significant pressure on the availability of rental and affordable housing. Without a path to increase skills and wages and other opportunities it may be difficult to retain these workers in community. A focus needs to be on economic diversification within the manufacturing sector by attracting businesses, growing local businesses and encouraging potential entrepreneurs.



3. Appendix (Definitions)

Neepawa Census Subdivision (CSD): Census Subdivision is the general term for municipalities (as determined by provincial/territorial legislation) or areas treated as municipal equivalents for statistical purposes. The Neepawa CSD includes the Town of Neepawa.

Division 15 Census Division (CD): Canada's second-level geographic units are called "census divisions." In terms of size, they generally lie between the top-level administrative divisions of the province and territory and third-level administrative divisions such as sections, townships and ranges. Census divisions are divided into census subdivisions is formed by one or more adjacent municipalities centred on a population centre (known as the core). Manitoba Census Division 15 includes the following CSDs: Rural Municipality of Archie, Rural Municipality of Birtle, Town of Birtle, Rural Municipality of Blanshard Rural Municipality of Clanwilliam, Rural Municipality of Ellice, Town of Erickson, Rural Municipality of Hamiota, Town of Hamiota, Rural Municipality of Harrison, Rural Municipality of Langford, Rural Municipality of Miniota, Town of Minnedosa, Rural Municipality of Minto, Town Neepawa, Rural Municipality of Odanah, Rural Municipality of Park, Town of Rapid City, Rural Municipality of Rosedale, Rural Municipality of Saskatchewan, Rural Municipality of Shoal Lake, Village of St. Lazare and Rural Municipality of Strathclair.

3.1 Notes on Data

In completing this update, MDB Insight reviewed the most recent census data currently available from Statistics Canada. Data was collected for the municipality, Division 15 and the Province of Manitoba. The data analysis examines Neepawa as compared to Division 15 and Manitoba. This regional outlook helps to identify areas of strengths and weaknesses of Neepawa as a whole, leading to a stronger understanding of future opportunities for economic investment.

It is noted that the 2016/2017 information does not reflect on the recent population and employment changes. Information from the 2016 Municipal Census, 2011 Census, Hoovers Businesses data, and EMSI modelling projections was also consulted.

The 2016 Census was used to identify the leading industries within Neepawa. North American Industry Classification System (NAICS) codes were used to identify the top sub-industries for each of the profiles.

Statistics Canada's Canadian Business Counts Data provided a record of business establishments by industry and size. The business data collected for a census subdivision includes all local businesses that meet at least one of the three following criteria:

- Have an employee workforce for which they submit payroll remittances to the Canadian Revenue Agency; or
- Have a minimum of \$30,000 in annual sales revenue; or
- Are incorporated under a federal or provincial act and have filed a federal corporate income tax form within the past three years.

The above data was also used to develop location quotients for each industry within the regional economy. A location quotient represents the concentration of a single industry relative to its proportion of the larger provincial economy. This helps to identify higher than average proportions of an industry to determine local competitive business area of strength