

Town of Neepawa

*Transportation and Warehousing Sector Profile
November 2018*



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1. Sector Overview

The Transportation and Warehousing sector is defined by firms providing the following: transportation of passengers and cargo, warehousing and storage for goods, scenic and sightseeing transportation, and support activities related to modes of transportation. Establishments in these industries use transportation equipment or transportation related facilities as a production assets. The type of equipment depends on the mode of transportation be it air, rail, water, road or pipeline.

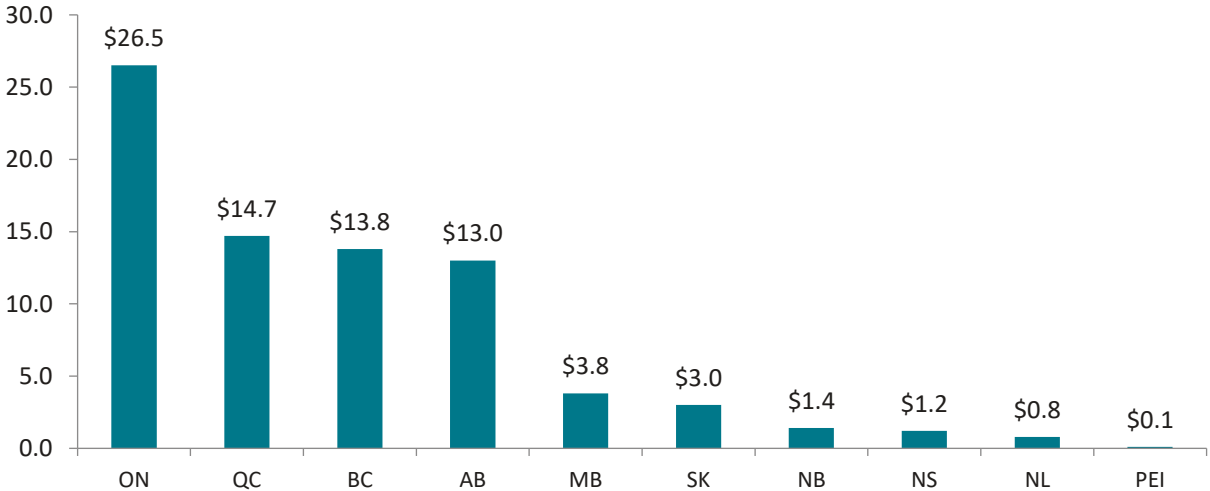
The Transportation and Warehousing sector is distinguished by three basic types of activities: subsectors for each mode of transportation, a subsector for warehousing and storage, and a subsector for establishments providing support activities for transportation. In addition, there are subsectors for establishments that provide passenger transportation for scenic and sightseeing purposes, postal services, and courier services¹.

Many of the establishments in this sector often operate on networks, with physical facilities, labour forces, and equipment spread over an extensive geographic area. Warehousing establishments in this sector are distinguished from merchant wholesaling in that the warehouse establishments do not sell the goods.

1.1 Sector Size & Performance

Canada’s Transportation and Warehousing sector contributed over \$78 billion to Canada’s overall GDP in 2017. According to Statistics Canada, Manitoba is the fifth largest output contributor to total Transportation and Warehousing GDP in Canada, with a contribution of more than \$3.8 billion in 2017.

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



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

¹ NAICS Sector 48-49: Transportation and Warehousing
Source: classcodes.com/lookup/sector-48-49



The Transportation and Warehousing sector saw slower growth for 2015 and 2016, but recovered in 2017 with a growth in output for 2017.

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

	2013	2014	2015	2016	2017
Transportation and Warehousing GDP	3,271.50	3,492.40	3,552.70	3,643.40	3,821.50
Y-O-Y Growth (%)		7%	2%	3%	5%

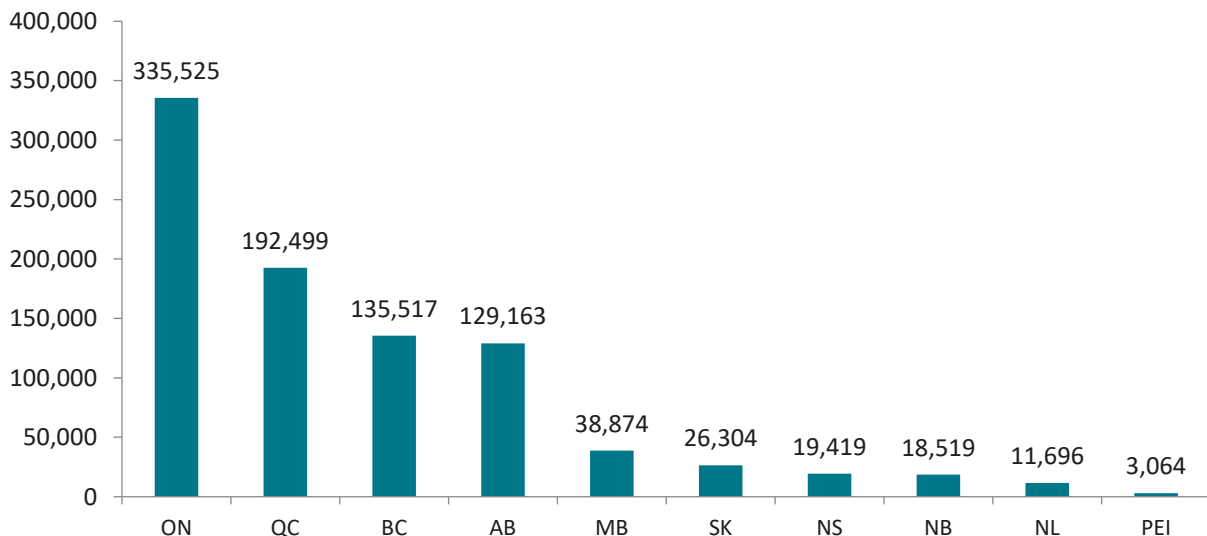
Source: Statistics Canada GDP by NAICS at Basic Prices, Table 379-0030, 2018

1.2 Workforce & Employment

1.2.1 Employment Data & Projections

The Province of Manitoba has the fifth largest number of employees in the Transportation and Warehousing sector, employing approximately 4% of the total Transportation and Warehousing sector workforce in Canada. In terms of overall employment, approximately 6.3% of Manitoba’s employed workforce is in Transportation and Warehousing – the largest percentage of all provinces. Followed by Alberta (6.1%) and Saskatchewan (6.1%).

Figure 2: Employed Labour Force in Transportation and Warehousing Sector, Provinces, 2017 (Number of People)



Source: Employees & Self-Employed - Emsi 2018.1



As of 2017, approximately 243 residents of Neepawa are employed in the Transportation and Warehousing sector. The most common Transportation and Warehousing sub-sectors for Neepawa residents working in the Transportation and Warehousing sector are Water transportation (159 workers, 65%), Truck transportation (29, 12%) and Couriers and messengers (17, 7%) See Table 2 for a detailed breakdown.

*Note Inland Water Transportation can include multiple sub sectors including boat rentals, full list available in footnote.

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

NAICS	Description	Neepawa	Division 15	Manitoba
481	Air transportation	<10	<10	3,729
482	Rail transportation	0	69	3,529
4832	Inland Water transportation ²	159	194	341
484	Truck transportation	29	149	14,592
485	Transit and ground passenger transportation	<10	19	3,042
486	Pipeline transportation	0	0	0
487	Scenic and sightseeing transportation	<10	<10	63
488	Support activities for transportation	<10	57	3,462
491	Postal service	11	130	4,866
492	Couriers and messengers	17	29	2,721
493	Warehousing and storage	<10	10	2,529
Total		243	666	38,874

Source: Employees & Self-Employed - Emsi 2018.1

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

² All Examples of Businesses within this sector: canal barge operations; canal transportation, freight canal transportation, passengers chartering of commercial boats with operator, inland water (freight) chartering of commercial boats with operator, inland water (passengers) chartering vessels with crew, inland water transportation of passengers (except Great Lakes) chartering vessels with crew, inland waters, freight transportation (except Great Lakes) intracoastal water transportation, freight intracoastal water transportation, passengers lake (except Great Lakes) transportation (except ferries), passengers lake (except Great Lakes) transportation of freight (except ferries) log rafting and towing, inland waters (except Great Lakes) river freight transportation (except using the St. Lawrence seaway) river passenger transportation (except ferries) ship chartering with operator, inland (freight) ship chartering with operator, inland (passengers) water taxi service, inland waterways

Source:

statcan.gc.ca/imdb/p3VD.pl?Function=getAllExample&TVD=307532&CVD=307548&CPV=483213&CST=01012017&CLV=5&MLV=5&V=290110&VST=01012017



From 2007-2017 Neepawa gained 210 Transportation and Warehousing jobs, two thirds of Division 15's 330³. Both regions have had significant positive growth, which aligns with the Province of Manitoba's 5,452 gain in jobs.

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

Industry (NAICS)	Description	Neepawa	Division No. 15	Manitoba
Transportation and Warehousing	Total	210	330	5,452

Source: Employees & Self-Employed - Emsi 2018.1

Table 4 showcases the location quotients (LQ)⁴ for Neepawa in 2017. The LQs measure the concentration of Transportation and Warehousing 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 Transportation and Warehousing.

Table 4: Transportation and Warehousing National Workforce Location Quotients – Neepawa, Division 15 & Manitoba

Industry (NAICS)	Description	Neepawa	Division No. 15	Manitoba
481	Air transportation	0.55	0.16	1.37
482	Rail transportation	0.00	2.69	2.15
4832	Inland Water transportation	65.86	23.47	0.64
484	Truck transportation	0.60	0.90	1.37
485	Transit and ground passenger transportation	0.30	0.20	0.49
486	Pipeline transportation	0.00	0.00	0.00
487	Scenic and sightseeing transportation	2.17	2.49	0.92
488	Support activities for transportation	0.39	0.82	0.78
491	Postal service	0.87	3.12	1.82
492	Couriers and messengers	1.61	0.79	1.16
493	Warehousing and storage	0.36	0.35	1.39
	Total	1.61	1.29	1.17

Source: Employees & Self-Employed - Emsi 2018.1

³See Definition of Census Division 15 in Appendix

⁴ 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)⁵ for Neepawa in 2017. The LQs measure the concentration of Transportation and Warehousing 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 Water transportation and Couriers and messengers.

Table 5: Transportation and Warehousing Local Workforce Location Quotients – Neepawa, Division 15 & Manitoba

Industry (NAICS)	Description	Neepawa / Division 15		Neepawa/ Manitoba	
		LQ	Classification	LQ	Classification
482	Rail transportation	0.00	Low	0.00	High
483	Water transportation	2.81	High	102.44	High
484	Truck transportation	0.67	Low	0.44	Low
491	Postal service	0.29	Low	0.50	Low
492	Couriers and messengers	2.01	High	1.37	High

Source: Employees & Self-Employed - Emsi 2018.1

⁵ 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 Transportation and Warehousing sector in 2017 included Other trades helpers and labourers, Specialized cleaners and Transport truck drivers (Table 6).

Table 6: Neepawa Employment in Transportation and Warehousing by Top Occupations, 2017

NOC	Description	Neepawa	Division No. 15	Manitoba
7612	Other trades helpers and labourers	75	92	110
6732	Specialized cleaners	35	48	195
7511	Transport truck drivers	22	119	9,575
7235	Structural metal and platework fabricators and fitters	17	21	33
	Total	243	666	38,874

Source: Employees & Self-Employed - Emsi 2018.

*Note table includes the total for all occupations in the sector not just top 4.

Table 7 highlight the top growing Transportation and Warehousing occupations from 2007-2017. The vast majority of growth was in Other trades helpers and labourers, Specialized cleaners and Practitioners of natural healing.

Table 7: Neepawa Employment in Transportation and Warehousing by Top Occupations Change, 2007-2017

NOC	Description	Neepawa	Division No. 15	Manitoba
7612	Other trades helpers and labourers	75	92	82
6732	Specialized cleaners	35	48	-20
7511	Transport truck drivers	10	10	1,430
7235	Structural metal and platework fabricators and fitters	17	21	32
	Total	210	330	5,452

Source: Employees & Self-Employed - Emsi 2018.1

*Note table includes the total change for all occupations in the sector not just top 4.



1.2.3 Wages/Salary Data

Workers in the top Transportation and Warehousing occupations within the Southwest Region which includes Neepawa, typically make a median hourly wage around \$21.63 (depending on the position)⁶. The average Transportation and Warehousing median wage in the Southwest Region based on incomplete data is \$21.63, which is slightly higher than the Manitoba average (\$17.63) and higher than the Canadian average (\$15.27).

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

Table 8: Median Hourly Wages for Transportation and Warehousing Occupations 2018

NOC	Description	Southwest Region	Manitoba	Canada
7612	Other trades helpers and labourers	N/A	\$14.97	\$16.70
6732	Specialized cleaners	N/A	\$13.50	\$14.40
7511	Transport truck drivers	\$21.63	\$20.00	\$21.00
3232	Practitioners of natural healing	N/A	N/A	\$19.24
7235	Structural metal and platework fabricators and fitters	N/A	\$22.04	\$23.00

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

1.2.4 Education and Training

Neepawa has approximately 110 people (2.4% of the town's total population) educated in Transportation and Warehousing related fields. Combined, Neepawa and Division 15 have 2% of the people educated in Transportation and Warehousing related skills in the province.

*Note this education category is very broad and inclusive of military and security qualifications.

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

Major Field of Study	Neepawa	Division 15	Manitoba	Neepawa + Division 15/ Manitoba %
Personal and culinary services	60	260	12,255	2%
Military science; leadership and operational art	0	0	90	0%
Military technologies and applied sciences	0	0	110	0%
Security and protective services	10	55	4,025	1%
Transportation and materials moving	40	115	4,885	2%
Personal; protective and transportation services	110	430	21,365	2%

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

⁶ Outliers have been removed.



The top two Transportation and Warehousing occupations in Neepawa all have fair and good 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.

Table 10: Outlook and Skills Requirements in Neepawa

NOC	Description	Outlook	Educational Requirements
7612	Other trades helpers and labourers	Fair	Some secondary school education may be required. On-the-job training is provided.
6732	Specialized cleaners	Good	There are no specific education requirements for occupations in this unit group. On-the-job training is usually provided. Previous experience in a related position may be required for some occupations in this unit group.
7511	Transport truck drivers	Good	Completion of secondary school is usually required. On-the-job-training is provided. Completion of an accredited driver training course of up to three months duration, through a vocational school or community college, may be required. A Class 3 or D licence is required to drive straight-body trucks. A Class 1 or A licence is required to drive long combination vehicles. Air brake endorsement (Z) is required for drivers who operate vehicles equipped with air brakes. Transportation of dangerous goods (TDG) certification is required for drivers who transport hazardous products or dangerous goods. Additional licensing endorsement or certification may be required to drive articulated trucks.
7235	Structural metal and platework fabricators and fitters	Undetermined	Completion of secondary school is usually required. Completion of a three- to four-year apprenticeship program or A combination of over four years of work experience in the trade and some college or industry courses in structural steel and platework fabrication is usually required to be eligible for trade certification. Trade certification for metal fabricator (fitter) is available, but voluntary, in all provinces. Red Seal endorsement is also available to qualified metal fabricators (fitters) upon successful completion of the interprovincial Red Seal examination.

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 27 Transportation and Warehousing businesses registered in Neepawa as of December 2017.

Approximately 77.7% of businesses in the town's Transportation and Warehousing sector are sole-proprietors (without employees), 14.8% of businesses employ 5-9 people. The majority of firms are found within the sub-sectors of General freight trucking (12 businesses) and Specialized freight trucking (7 businesses).

Table 11: Transportation and Warehousing Sector Business Establishments Count in Neepawa

Industry (NAICS)		Without Employees	With Employees	1-4	5-9
4821	Rail transportation	1	0	0	0
4841	General freight trucking	11	1	1	0
4842	Specialized freight trucking	3	4	2	2
4851	Urban transit systems	2	1	1	0
4859	Other transit and ground passenger transportation	1	0	0	0
4922	Local messengers and local delivery	2	0	0	0
4931	Warehousing and storage	1	0	0	0
Total		21	6	4	2

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 Transportation and Warehousing 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 Rail transportation, Other transit and ground passenger transportation, and Specialized freight trucking. Neepawa has an average concentration of its businesses working in Transportation and Warehousing compared to the Division 15 and a high concentration compared to the province as a whole.

Table 12: Transportation and Warehousing Business Establishments Location Quotients – Neepawa vs Division 15 & Manitoba

Industry (NAICS)		Neepawa / Division 15		Neepawa / Manitoba	
		LQ	Classification	LQ	Classification
Transportation and Warehousing LQ Average		0.88	Average	3.76	High
4812	Non-scheduled air transportation	0.0	Low	0.0	Low
4821	Rail transportation	5.4	High	6.7	High
4841	General freight trucking	0.9	Average	0.5	Low
4842	Specialized freight trucking	1.5	High	1.0	Average
4851	Urban transit systems	Insf. Data	Insf. Data	91.0	High
4853	Taxi and limousine service	0.0	Low	0.0	Low
4854	School and employee bus transportation	0.0	Low	0.0	Low
4855	Charter bus industry	0	Low	0.0	Low
4859	Other transit and ground passenger transportation	5.4	High	2.6	High
4922	Local messengers and local delivery	Insf. Data	Insf. Data	2.6	High
4931	Warehousing and storage	0.9	Average	1.0	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 6,182 Manitoba Transportation and Warehousing 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 Transportation and Warehousing businesses spend 16% on labour and commissions; 5% on amortization and depletion; 3% on rent; and 10% on utilities and telecommunications.

Table 13: Financial Performance Data for Manitoba Transportation and Warehousing Businesses 2016

Major Field of Study	Whole Industry	Bottom Quartile	Lower Middle	Upper Middle	Top Quartile
Total Revenue (\$000)	\$273.1	\$45.3	98.8	178.9	769.4
Labour & Commissions	\$45.4	\$4.4	\$12.4	\$17.8	\$146.9
Amortization and depletion	\$14.6	\$2.0	\$5.2	\$8.4	\$42.9
Rent	\$8.9	\$0.4	\$2.6	\$5.6	\$26.8
Utilities & Telecommunications	\$28.5	\$2.7	\$11.8	\$33.6	\$65.8
Other Expenses ⁷	\$44.8	\$10.0	\$21.1	\$41.8	\$106.2
Total Expenses (\$000)	\$234.9	\$25.7	\$74.4	\$147.4	\$692.0
Net Profit/Loss (\$000)	\$38.2	\$19.6	\$24.4	\$31.5	\$77.4

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



1.3.4 Major Employers

Major Transportation and Warehousing employers within Neepawa are listed in Table 15.

Some of the most common sub-sectors of major Transportation and Warehousing employers in Neepawa include: Motor Vehicle Repair and Maintenance and Storage and Warehousing which is expected due to high concentrations of businesses and labour LQs supporting Neepawa's key industries.

Table 14: Major Employers in Neepawa Transportation and Warehousing Sector

Company	Number of Employees	Transportation and Warehousing Sub-Sector
T.I.C. Parts and Service	16	Motor Vehicle Repair and Maintenance
Freezerco Inc	10	Storage and Warehousing
Nick's Repair Service Ltd	7	Motor Vehicle Repair and Maintenance
Neepawa Tire Ltd	7	Motor Vehicle and Parts Dealers
Canada Post Corporation	6	Postal, Shipping and Messengers

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, businesses in 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 Transportation and Warehousing 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
Total Export Value	\$7,642	\$8,155	\$9,049	\$9,159	\$9,322
Y-O-Y Growth (%)		7%	11%	1%	2%

Source: Statistics Canada, Trade Data Online, 2017

In 2017, businesses in 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 Transportation and Warehousing 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
Total Import Value	\$17,748	\$18,667	\$18,914	\$17,950	\$19,950
Y-O-Y Growth (%)		5%	1%	-5%	11%

Source: Statistics Canada, Trade Data Online, 2017



1.5 Sector Trends & Outlook

1.5.1 Transportation and Warehousing Trends

Two major trends that are dominating the Transportation and Warehousing sector worldwide.

Robotics & Automation: The use of robotics and automated systems in the Transportation and Warehousing sector is accelerating with technology firms (e.g. Amazon, Uber, Walmart, Tesla) investing heavily in automation of processes and more recently autonomous vehicles to reduce costs and needed workforce. In the meantime, skilled labour shortages are one of the greatest challenges facing the sector especially in truck driving occupations. There are major factors driving shortages including relatively low pay, high stress and health consequences of these occupations. The integration of automation and robotics in Transportation and Warehousing processes will need to grow for Transportation and Warehousing companies to maintain their competitiveness in the global market.

Internet of Things (IoT) and Data Integration: To put it 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, cars, trucks and washing machines. From a Transportation and Warehousing perspective, IoT technology allows workers to monitor the performance and locations of vehicles and warehouse operations and processes. IoT devices used to track Transportation and Warehousing 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. These technologies include the use of intelligent transportation systems or ITS, providing drivers with real time information on route choices, travel times, border wait times, weather conditions etc. By providing drivers with information to make more informed route selection or other travel choices, ITS investments have the potential to reduce congestion by optimizing the capacity of the existing road network, reducing journey times and thereby resulting in lower transportation cost to shippers. The use of these devices will continue to grow as they provide logistics firms with the ability to processes to increase productivity, reduce costs, and even improve safety.

Canadian Specific Border Trends and Long Combination Vehicle (LCV) Facilities: Streamlining border crossings for the massive amount of trade goods passing between Canada and the United States is a major priority. This has led to the development of Nexus facilities at airports, additional border crossings, increased capacity/hours at existing crossings and the development of Long Combination Vehicle (LCV) facilities and infrastructure along 400-series highways. The (LCV) pilot program launched in August 2009, with the intent of harmonizing goods movement policies with the province of Quebec and others in Canada, and improving opportunities for provincial manufacturers and transportation companies to move goods. As a result of the program, consideration for the accommodation of LCVs (e.g. intersection design, on/off ramp design, rest stop design) has been included in all ongoing capital planning at the provincial level for improvements along 400-series highway corridors. From a regional policy perspective, there are opportunities to ensure that regional and local transportation and land use policies (e.g. site plan regulations, business park design, county road design/redesign, roundabout design) support the use of LCVs in strategic areas along highway corridors.



1.5.2 Manitoba Transportation and Warehousing 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 Transportation and Warehousing and wholesale capacity, while growth in population and jobs will continue to lift domestic spending. In addition, stable government infrastructure spending will add to growth⁸.

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 Transportation and Warehousing sector for 2018 as growth is projected in the United States and neighbouring provinces. The major risk to growth being the potential restrictions on trade implemented by the current American administration⁹.

1.5.3 Canada Transportation and Warehousing Outlook

Overall, the growth of Canada's Transportation and Warehousing 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.

The success of Canada's Transportation and Warehousing sector is also highly attached to trade – and with the current geopolitical landscape growing increasingly nationalistic and territorial, Canadian Transportation and Warehousing 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 Transportation and Warehousing (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.

According to the federal report, Transportation in Canada 2016, modest global economic growth translated into lower traffic volume in the Canadian transportation system, especially in the first half of 2016. Demand slightly picked up in the second half of 2016 but remained below 2015 levels for key bulk commodities, intermediate and finished goods. This resulted in rail traffic declines (in tonnage) for petroleum products, metals, grain and fertilizers materials. Declines were also reported for marine and international air cargo exports in 2016, while trucking exports to the U.S. recorded a strong increase. International trade is the main driver of Canada's transportation and logistics sector. As of January 23, a new agreement to sign the Trans-Pacific Partnership (TPP) has emerged. The TPP – a free-trade pact

⁸ Government of Manitoba Economic Review and Outlook Source: www.gov.mb.ca/finance/budget18/papers/A_Economic_r.pdf

⁹ RBC Manitoba Provincial Forecast

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



between Canada and 11 other countries around the Pacific – would bolster the nation’s transportation and logistics industry. The recent re-negotiation of NAFTA into its current iteration the United States Mexico Canada Agreement or USMCA has recently been ratified and will have far reaching implications on North American trade and goods transportation¹⁰. The new agreement is largely the same as NAFTA with key concessions being made in the dairy, auto and online retail industries. The United States was the destination for more than 40% of key transported bulk commodities value in 2016 and will continue to be Canada’s primary trading partner.

Threats to the Canadian transportation sector include potential declines in trade with major trading partners, adapting to emerging technologies such as autonomous vehicles and drone technology, and challenges with environmental and safety concerns.

Total federal transport-related expenditures reached \$6.9 billion in 2016, an 18.1% increase from the previous year, the highest level since 2010-2011. This can be attributed to increased expenditures to support coastal and marine transportation systems. The Government of Canada has a number of initiatives underway to support their Transportation 2030 Strategic Plan. The main objective of this plan is to support “a safe, secure, green, innovative, and integrated transportation system that enables trade and economic growth”. These initiatives include:

- The Trade and Transportation Corridors Initiative: Aims to provide \$10.1 billion over 11 years in trade and transportation projects aim to improve the quality of trade infrastructure across Canada. This includes the National Trade Corridors Fund that aims to reduce congestion and bottlenecks along vital corridors and around transportation hubs and ports;
- Initiative to Modernize Canada’s Transportation System: Aims to develop regulations and to establish pilot projects for the safe adoption of connected and autonomous vehicles and unmanned air vehicles;
- The Oceans Protection Plan: Aims to provide \$1.5 billion over the next eleven years to improve marine safety and responsible shipping to protect Canada’s marine environment;
- The Pan-Canadian Framework on Clean Growth and Climate Change: Aims to achieve Canada’s international climate change commitments and includes pricing carbon as well as stricter GHG emission standards for on-road heavy-duty vehicles and their engines starting in 2021.
- According to KPMG, world trade fell by 1.1% in 2016, and many are marking the year as one of the slowest for growth in trade and output since the financial crisis in 2009. However, global trade is expected to grow in 2017 between a modest 1.8% and 3.1%. These conservative growth forecasts are the result of a host of developments around the globe, including shorter supply chains and plateauing of globalization.

¹⁰USMCA Agreement

Source: ustr.gov/trade-agreements/free-trade-agreements/united-states-mexico-canada-agreement/united-states-mexico



According to PwC, 2016 was a breakout year for new technologies in the commercial transport industry with growing interest in autonomous vehicles, unmanned drones, ride-sharing and real-time logistics. The transportation and logistics industry is now seeing an onslaught of new entrants, such as Amazon, Uber and Tesla who are all more willing to disrupt the traditional way of moving goods. PwC also predicts an even bigger disruptive force – the rise of free-floating, contractual service, the shipping versions of an e-marketplace. In this environment, the owner of a single truck can compete head-to-head with companies owning hundreds of vehicles



2. The Neepawa Advantage

2.1 Core Cluster

The Transportation and Warehousing sector has seen significant growth in Neepawa with over 200 jobs gained between 2007-2017 and this growth is tied directly to agricultural and manufactured food production in the community. The sector is strong in Manitoba so overall employment and business count LQs remain relatively average but the sector is an essential enabler of the local economy.

Within the Transportation and Warehousing Sector the two strongest sub-sectors are General and Specialized Freight Trucking. These sub-sectors make for a relatively strong Transportation and Warehousing cluster for Neepawa through high to average 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. This sector is enabled by the General and Specialized Freight Trucking sub-sectors, transporting inputs to manufacturing firms and getting goods to market.

Government Support

Neepawa has key strengths in Food Transportation and Warehousing due to the presence of the major pork processing firm HyLife. HyLife was founded in 1994 as a joint venture, expanded to Neepawa in 2008 and is 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 and 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.

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



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 the 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 for 55 years and offers 40 different programs including apprenticeship programming in a range of skilled trades disciplines¹². Relevant to this sector programs include: Automotive Technician, Automotive Service Technician Apprenticeship, Communications Engineering Technology and Heavy-Duty Equipment Technician, Apprenticeship and Operator programs.

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. Relevant to this sector programs include: the 2+ 2 programs which include two years at Assiniboine Community College, then transfer to Brandon University in the third year.

The University of Winnipeg

The University of Winnipeg offers a wide variety of undergraduate and graduate degrees, including a Masters in Management program with a 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.

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

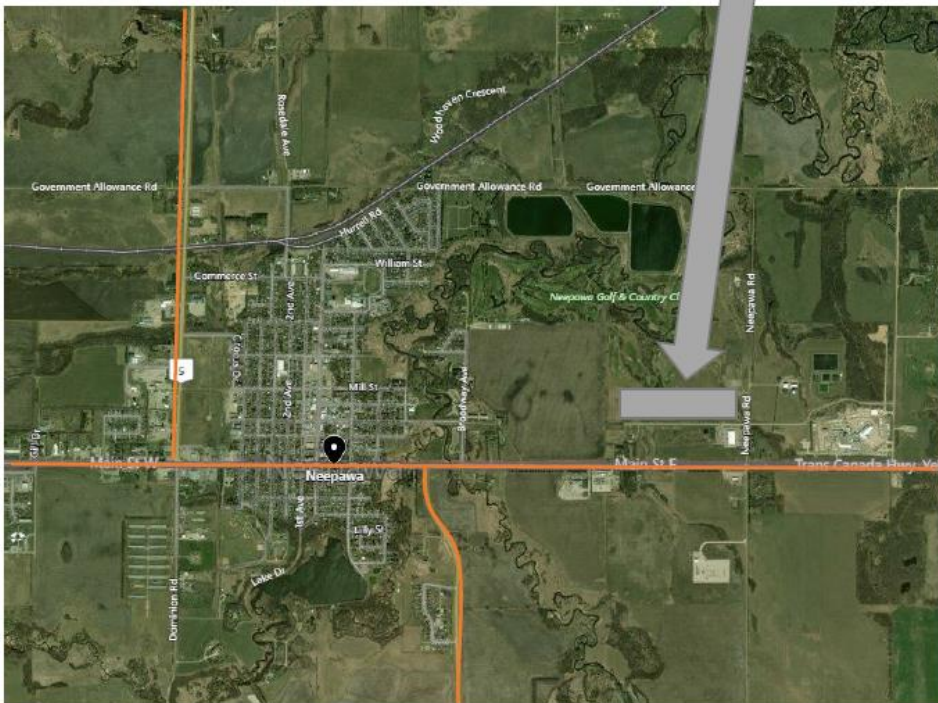
¹³ Brandon University
Source: <https://www.brandonu.ca/>



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 two-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 Transportation and Warehousing, Neepawa faces major competition from its larger, neighbouring communities along higher trafficked corridors.

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 particularly in Transportation and Warehousing.

2.3.2 Weaknesses

Lack of 400 Series Highways and Long Combination Vehicle (LCV) Facilities: Eastern Canada retains a considerable advantage in the development of LCV facilities and 400 series highways over the western Canadian Provinces. This high-level infrastructure investment has improved goods transportation between provinces and the United States, developing a standard Manitoba will be unable to match for the foreseeable future.

Brandon and Winnipeg are stronger markets for logistics: The two cities infrastructure for the east-west and North South movement of goods is much more developed than Neepawa.

Dependence on Agricultural products: Much of the transportation and warehousing sector depended on the delivery of agricultural goods produced in and around Neepawa and hauled south. A more diversified regional economy would allow for more opportunities to be realized in the transportation and warehousing sector.



Location and availability of serviced land for transportation facilities: There is a lack of serviced land that could accommodate new warehousing and distribution facilities that also have ready access to the region's main transportation routes. With continued regional population and residential growth, it is becoming more difficult for logistics facilities with large outdoor storage components to locate near residential areas. This is due to the placement and operation of large-scale lighting that tends to operate through the night, causing light trespass concerns.



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.