

Soybean Processing Facility

Economic Impact

Building Opportunities Workshop November 16, 2017

Background

Input Capacity: 2,500 t/day Soybeans

Output : Meal 1,962 t/day (79%)

Oil: 481 t/day (19%)

Soap/Lecithin: 21 t/day (~2%)

Employment: 80

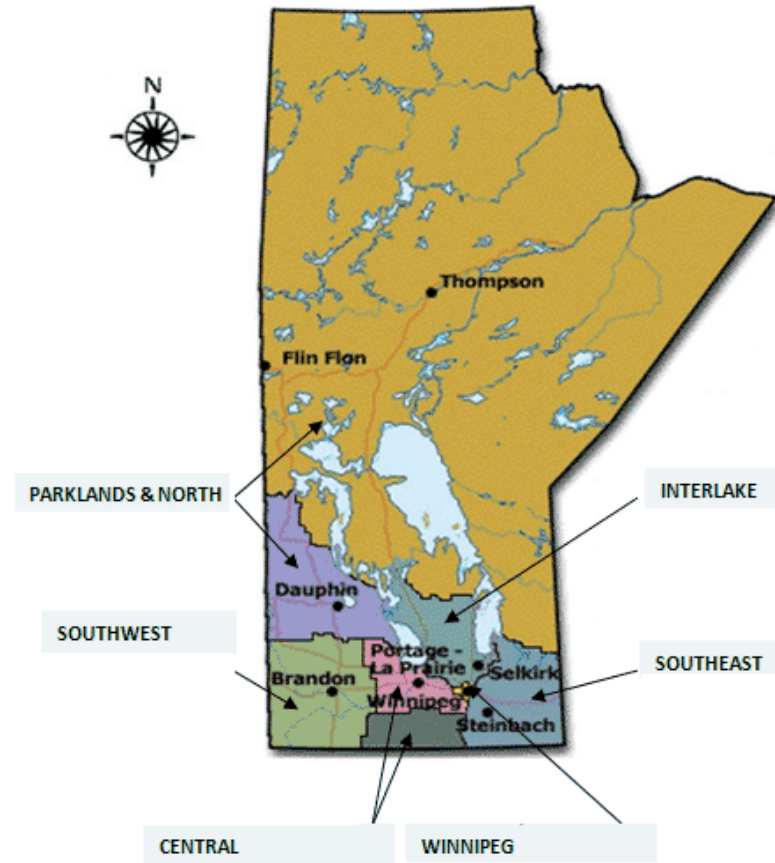
Wages: 4.6M

Key Inputs soybeans, water, natural gas,

Construction cost: \$330M

Economic Model Description

The Manitoba model is rectangular in nature with 35 industries and 66 commodities and based on a standardized methodology (Statistics Canada's) and yields results similar to Statistics Canada's inter-provincial model. The Region under study is the Southwest Manitoba Economic Region.



Construction Impacts

Plant Construction Impact - Province

Gross Output (\$M)	
Direct	328.8
Indirect	89.2
Induced	124.6
Total Gross Output (\$M)	542.7
Gross Domestic Product (\$M)	
Direct	132.6
Indirect	51.6
Induced	75.2
Total Gross Domestic Product	259.4
Employment (Positions)	
Direct	1540
Indirect	524
Induced	871
Total Employment	2935
Labour Income (\$M)	
Direct	86.5
Indirect	23.9
Induced	32.7
Total Labour Income	143.0

Construction Impacts - Continued

Plant Construction Impact - Region	
Gross Output (\$M)	
Direct	241.1
Indirect	19.3
Induced	4.9
Total Gross Output (\$M)	265.3
Gross Domestic Product (\$M)	
Direct	97.2
Indirect	12.4
Induced	3.0
Total Gross Domestic Product	112.6
Employment (Positions)	
Direct	1129
Indirect	90
Induced	30
Total Employment	1249
Labour Income (\$M)	
Direct	63.4
Indirect	4.9
Induced	1.6
Total Labour Income	69.8

Construction Impacts - Continued

Plant Construction Impact - ROP	
Gross Output (\$M)	
Direct	87.8
Indirect	69.9
Induced	119.7
Total Gross Output (\$M)	277.4
Gross Domestic Product (\$M)	
Direct	35.4
Indirect	39.1
Induced	72.2
Total Gross Domestic Product	146.8
Employment (Positions)	
Direct	411.0
Indirect	433.5
Induced	840.8
Total Employment	1685.2
Labour Income (\$M)	
Direct	23.1
Indirect	19.0
Induced	31.1
Total Labour Income	73.2

Operating Impacts

Plant Operations Impact - Province

Gross Output (\$M)	
Direct	455.0
Indirect	77.6
Induced	31.3
Total Gross Output (\$M)	564.0
Gross Domestic Product (\$M)	
Direct	6.1
Indirect	45.5
Induced	19.3
Total Gross Domestic Product	70.9
Employment (Positions)	
Direct	80
Indirect	529
Induced	225
Total Employment	834
Labour Income (\$M)	
Direct	4.6
Indirect	24
Induced	8.3
Total Labour Income	36.8

Operating Impacts – Continued

Plant Operations Impact - Region	
Gross Output (\$M)	
Direct	455.0
Indirect	18.7
Induced	0.8
Total Gross Output (\$M)	474.6
Gross Domestic Product (\$M)	
Direct	6.1
Indirect	10.3
Induced	0.5
Total Gross Domestic Product	16.9
Employment (Positions)	
Direct	80
Indirect	110
Induced	5
Total Employment	195
Labour Income (\$M)	
Direct	4.6
Indirect	6
Induced	0.3
Total Labour Income	10.4

Operating Impacts - Continued

Plant Operations Impact - ROP	
Gross Output (\$M)	
Direct	0.0
Indirect	58.9
Induced	30.5
Total Gross Output (\$M)	89.4
Gross Domestic Product (\$M)	
Direct	0.0
Indirect	35.2
Induced	18.8
Total Gross Domestic Product	54.0
Employment (Positions)	
Direct	0.0
Indirect	419.1
Induced	219.9
Total Employment	639.1
Labour Income (\$M)	
Direct	0.0
Indirect	18.4
Induced	8.1
Total Labour Income	26.4

Expanded Hog Sector Impacts

Expanded Hog Sector Impact - Province

Gross Output (\$M)	
Direct	206.3
Indirect	47.1
Induced	24.3
Total Gross Output (\$M)	277.7
Gross Domestic Product (\$M)	
Direct	72.9
Indirect	26.3
Induced	14.8
Total Gross Domestic Product	113.9
Employment (Positions)	
Direct	420
Indirect	258
Induced	172
Total Employment	850
Labour Income (\$M)	
Direct	7.4
Indirect	12
Induced	6.5
Total Labour Income	26.3

Expanded Hog Sector Impacts - Continued

Expanded Hog Sector Impact - Region	
Gross Output (\$M)	
Direct	206.3
Indirect	10.2
Induced	0.8
Total Gross Output (\$M)	217.3
Gross Domestic Product (\$M)	
Direct	72.9
Indirect	5.9
Induced	0.5
Total Gross Domestic Product	79.3
Employment (Positions)	
Direct	420
Indirect	57
Induced	5
Total Employment	483
Labour Income (\$M)	
Direct	7.4
Indirect	3
Induced	0.3
Total Labour Income	10.7

Expanded Hog Sector Impacts - Continued

Expanded Hog Sector Impact - ROP	
Gross Output (\$M)	
Direct	0.0
Indirect	36.9
Induced	23.5
Total Gross Output (\$M)	60.4
Gross Domestic Product (\$M)	
Direct	0.0
Indirect	20.4
Induced	14.2
Total Gross Domestic Product	34.6
Employment (Positions)	
Direct	0.0
Indirect	200.9
Induced	166.3
Total Employment	367.2
Labour Income (\$M)	
Direct	0.0
Indirect	9.5
Induced	6.2
Total Labour Income	15.6

Fiscal Impacts

Government Revenue Impacts Construction	Personal Income Tax (PIT)	Corporate Income Tax	Taxes Unincorporated Business Profits	Sales and Excise Taxes	Total Revenue
Federal (\$M)	28.0	3.8	8.0	1.5	41.5
Provincial (\$M)	15.6	3.1	5.8	3.0	27.5
	Taxes	Fees and Charges	Government Transfers	Other	Total Revenue
Municipal (\$M)	1.6	0.1	0.6	2.0	4.3

Government Revenue Impacts Operations	Personal Income Tax (PIT)	Corporate Income Tax	Taxes Unincorporated Business Profits	Sales and Excise Taxes	Total Revenue
Federal (\$M)	6.5	1.5	1.3	0.9	10.3
Provincial (\$M)	3.5	1.2	0.9	1.8	7.4
	Taxes	Fees and Charges	Government Transfers	Other	Total Revenue
Municipal (\$M)	0.2	0.0	0.1	0.3	0.6

Government Revenue Impacts Expanded Hog Sector	Personal Income Tax (PIT)	Corporate Income Tax	Taxes Unincorporated Business Profits	Sales and Excise Taxes	Total Revenue
Federal (\$M)	4.4	5.7	1.1	0.4	11.5
Provincial (\$M)	2.7	4.5	0.8	0.8	8.7
Total (\$M)	7.0	10.2	1.9	1.2	20.2

Supplier Opportunities

- Supplier opportunities can be expected in Manufacturing (Chemical manufacturing, Fabricated metal product manufacturing, and Machinery manufacturing), Wholesale Trade (Building material and supplies merchant wholesalers), Transportation and Warehousing (Rail, truck, pipeline, logistics services, related to the distribution of a customer's goods. Logistics services can include labelling, breaking bulk, inventory control and management, light assembly, order entry and fulfillment, packaging, pick and pack, price marking and ticketing and transportation arrangement), Finance, Insurance, Real Estate and Rental and Leasing (banking, insurance, equipment rentals), Administrative and Support, Waste Management and Remediation Services including security, and accommodation and Food Services (catering).

Dispersal of Benefits

- Recent work by the Manitoba Pulse and Soybean Growers confirmed that a Manitoba-based soybean processing facility would have a total cost advantage of \$47.58/tonne over American competition, a portion of which would be transferred through the supply chain to the hog sector. Discussions with Manitoba Pork confirmed that a reduction in input costs of 7%-9% would double the profit margin on a per hog basis.
- There are also a number of compelling arguments that the price of soybeans will increase, at least, marginally. In a 2015 Michigan study, a conservative estimate is that soybean prices would rise 5 to 10 cents a bushel in the area that supplies the plant. A higher but more likely estimate is that a processing plant would increase the price of soybeans by 20 to 30 cents a bushel. This is consistent with the price farmers in Ohio and Indiana generally receive compared to Michigan producers. Both Ohio and Indiana have more soybean processing capacity than Michigan.

Questions?