



CENTRAL
OKANAGAN
ECONOMIC
DEVELOPMENT
COMMISSION



INDUSTRY ROUNDTABLE

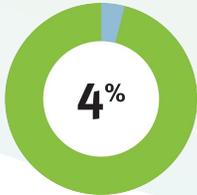
8 , 2020



STATE OF THE INDUSTRY



Top employer for the region with over 5,800 employees representing 5.6% of total employment



318 manufacturing businesses in the Central Okanagan in 2018 or 4% of total businesses



\$43.31 was the median wage of a mechanical engineer in the region in 2018



Diverse sector with growth in fabricated metal, non-metallic mineral manufacturing, transportation equipment manufacturing, plastics and rubber products and beverages

LOCAL IMPACTS TO DATE



Manufacturers experienced fluctuations in demand for many products with some operators pivoting to new products to support the public health response needs or to meet new consumer demand



Manufacturers represented adapted facilities to physical distancing and public health requirements but found lack of clarity for alignment of new regulations with existing industry regulations and health & safety requirements



Dramatic increases in cost of PPE - manufacturers expressed interested in working together to procure PPE at reasonable cost



Challenges finding skilled and unskilled workers prior to pandemic exacerbated by CERB payments in short-term

RECOVERY OUTLOOK



Businesses now prepared and have invested in changes to operations to meet requirements now and through recovery phase



Local manufacturers need local procurement channels to benefit from domestic infrastructure projects ongoing in BC



Challenges finding skilled and unskilled workers prior to pandemic, possibly exacerbated by CERB payments creating a temporary disincentive to re-enter the workforce

"Manufacturers in the region will need to collaborate and leverage cluster expertise to emerge stronger through recovery from COVID-19"

"Opportunities exist for local manufacturing to meet the demand of infrastructure projects in BC if these procurement processes prioritize Canadian made goods and services"

ACTION PROPOSED BY INDUSTRY



Need for local industry association



Federal Wage Subsidy program has allowed manufacturers to retain workforce and should be continued



At municipal level, actions to defer tax increases and property tax payments will ease financial burden of businesses



"Buy Local" for consumer and government/institutional spending will support economic recovery of the region

THANK YOU

*We rely on Central Okanagan businesses for industry information.
Thank you to the many businesses who provided feedback
directly or indirectly including:*

- Terry Edwards, *Decisive Dividend Corporation*
- Vladimir Bolshakov, *Geometrik Manufacturing Inc*
- Barbra Johnson, *Natures Formulae*
- Lisa McGuire, *Manufacturers Safety Alliance BC*
- Alex Greer, *Adaptive Ventures*
- Lynn Heinrich, *Sun-Rype*
- Pete Patterson, *Vitalis Extraction Technology*
- Domenic Rampone, *West Manufacturing*

COEDC Advisory Council

Conduit of information and ideas between business, community leaders and government

Made up of 45+ influential industry leaders, community shapers and elected officials



Manufacturing Industry Roundtable

About the Economic Recovery Task Force

The Central Okanagan economy is highly integrated with businesses and workforce move fluidly across Region. To combat the long-term economic impacts of COVID-19, the local governments and Westbank First Nation have come together to form the Economic Recovery Task Force.

The Economic Recovery Task Force is co-chaired by Chair Given and Mayor Basran and comprised of:

- Chief Christopher Derickson, Westbank First Nation
- Regional Board Chair Gail Given, Regional District of Central Okanagan
- Mayor Colin Basran, City of Kelowna
- Mayor Gord Milsom, City of West Kelowna
- Mayor James Baker, District of Lake Country
- Mayor Cindy Fortin, District of Peachland

June 9, 2020

On June 9, 2020, the Central Okanagan Economic Development Commission (COEDC) held a Manufacturing Industry Roundtable with the Advisory Council and additional industry representatives.

Participants were asked:

- What has been your business experience thus far?
- What can governments do to support long-term recovery in your industry?

Results from the broad ranging, future-focused discussions will inform the Economic Recovery Task Force and guide a long-term economic recovery plan for the region.

State of the Industry

There were 318 manufacturing businesses in the Central Okanagan in 2018 or 4% of total businesses.¹

The sector is a top employer for the region with over 5,800 employees representing 5.6% of total employment.²

The median wage of a mechanical engineer in the manufacturing field in the Thompson Okanagan region was \$42.31 in 2018.³

The sector is diverse with fabricated metal, non-metallic mineral manufacturing, transportation equipment manufacturing, plastics and rubber and beverages cited as growth industries for the Region in the [2018 Central Okanagan Economic Profile](#).⁴

1.2018 Central Okanagan Economic Profile

2.Manufacturing /Aerospace Sector Profile

3.Manufacturing /Aerospace Sector Profile

4.2018 Central Okanagan Economic Profile

About the COEDC Advisory Council

The [COEDC's Advisory Council](#) is a conduit of information and ideas between business, community leaders and government. Made up of 45+ influential industry leaders, community shapers and elected officials, the council meets to share information and work together towards sustainable economic growth.



Thank you to Manufacturing Industry Representatives for sharing your insight and expertise:

Adaptive Ventures Inc – Alex Greer

Decisive Dividend Corporation – Terry Edwards

Geometrik Manufacturing Inc– Vladimir Bolshakov

Natures Formulae – Barbra Johnson

Manufacturers Safety Alliance BC - Lisa McGuire

Sun-Rype Products Ltd – Lynn Heinrich

Vitalis Extraction Technology – Pete Patterson

West Manufacturing – Domenic Rampone

Local Impacts to Date (June 2020)

Demand:

Businesses experienced a range of fluctuations in demand depending on manufacturing product with some operators able to mitigate financial impact by changing what they manufacture to meet public health needs or consumer preferences by or offering attractive terms or financing to customers to maintain sales.

Consumer shopping patterns changed with disruptions to daily life including isolating, homeschooling, and teleworking. Further changes are expected as consumers in some regions of Canada and USA return to work and school.

Operations:

All manufacturers represented were able to adapt to social distancing and other public health requirements although there was not always clarity on regulations if new requirements were in opposition to existing H&S requirements within facilities.

Employers were responsive to impacts to staff, especially in the early days of the pandemic with some staff asking not to come to work. As time has gone on, confidence levels are returning and staff is now a step ahead on safety. Businesses listened to employees and implemented their ideas.

Personal Protective Equipment (PPE)

Costs of PPE increased dramatically (a box of facemask \$6 a while ago, now \$46). Manufacturers expressed an interest in working together to procure PPE at reasonable prices.

Workforce:

All companies in this roundtable session experienced challenges hiring skilled and unskilled prior to Covid-19 pandemic, which may be exacerbated by CERB payments creating a temporary disincentive to reentering the workforce.

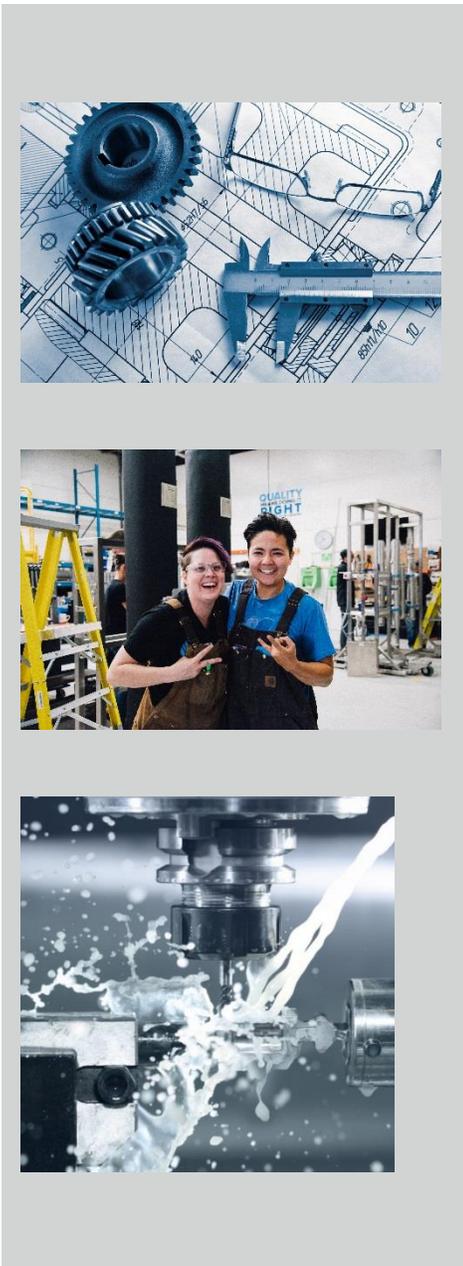
Recovery Outlook

In the short-term, businesses are better prepared should a second wave of Covid-19 emerge in the coming months. There is concern for the childcare challenges that may be faced by employees if schools and daycares are operating at a reduced capacity.

Bricks & mortar stores and consumer packaged goods companies will accelerate development of and investment in e-commerce to meet changing consumer demand and purchasing trends.

Local manufacturers need local procurement channels to benefit from the large domestic infrastructure projects currently ongoing in BC.

Some manufacturers are considering leveraging technology and investing in innovation with potentially attractive financing options if risk can be mitigated.



Actions Proposed by Industry

The local manufacturing sector is fragmented and does not have a local industry association to spearhead initiatives like PPE procurement. Participants emphasized the sector could benefit from funding to start an association.

“Buy Local” for consumer and government/institutional spending will support the economic recovery of the region. Governments and institutions should consider local manufacturers first.

At the municipal level, actions to defer tax increases and property tax payments will ease financial burden of businesses.

Priority zoning could be considered to fast-track projects in some areas to support recovery in the manufacturing and construction industry.

The Federal Wage Subsidy program has allowed manufacturers to retain workforce and should be continued.

The Commercial Rent Subsidy Program is not widely adopted by landlords and should be reworked or supplemented at the provincial level.

