

Triple Bottom Line Preliminary Feasibility Study of the GM Oshawa Facility: Possibilities for Sustainable Community Wealth

**Executive Summary
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Germany's Post Office (Deutsche Post) developed and began manufacturing Streetscooter battery electric vans in 2016 to replace its 70,000 vehicle fleet (photo: Reuters 2017).



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An electronic version of the full report is available at:
<http://www.greenjobsoshawa.ca/feasibility.html>

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1.0 Executive Summary

GM Oshawa Assembly Plant Closure and 2009 Bailout

The GM Oshawa auto assembly plant, which has been operating for over one hundred years, will close this year. The announcement was made on November 26, 2018, and it means the loss of over 15,000 jobs in Ontario, a major loss in manufacturing capacity, and a \$4 billion per year loss to Ontario's GDP.¹ This is happening only ten years after the Canadian and Ontario governments bailed GM Canada out with close to \$11 billion (CAD), and over a quarter of this money (\$3 billion) was not paid back.² Today, GM is financially strong. In 2018, it made close to \$11 billion (USD) in before-tax profit on global sales of \$147 billion.³

Is there an alternative to closing the assembly plant?

Yes. Instead of accepting the GM Oshawa plant closure, **the Government of Canada can provide leadership in acquiring the facility and financing its retooling to build battery electric vehicles (BEVs).** There is a strong business case for this alternative, based on a triple bottom line prefeasibility analysis that considers the economic, social and environmental benefits.

What are the triple-bottom line impacts?

1. Keeping and growing Canada's manufacturing capacity and skills to help us meet our needs in the future while decreasing greenhouse gas (GHG) emissions.
2. Reaching a breakeven point by year 4, and making a modest profit in year 5.
3. Creating over 13,000 jobs: 2,880 manufacturing-related (including 600 parts supplier jobs) and over 10,000 multiplier jobs.
4. Decreasing CO2 emissions by 400,000 metric tonnes by year 5.
5. Using this triple bottom line, public ownership model as an example for other projects.

What will it take to make this happen?

1. A public investment estimated at \$1.4 to \$1.9 billion to acquire and retool the Oshawa assembly plant for BEV production, and potentially manufacturing other products.
2. Manufacturing and selling an estimated 150,000 BEVs in the first five years, for total sales of \$5.8 billion. This represents an estimated 1.4 percent market share of new light duty vehicle sales in Canada over the first five years of operation (using the 2018 market value of \$85 billion for just over 2 million vehicles sold).⁴
3. Estimated government procurement of one quarter of the BEVs produced in the first four years, representing about 23,000 vehicles with an estimated value of \$900 million.
4. Working capital requirements estimated between \$120 to \$180 million for the first five years, declining from a high of \$49 million in year 2 to \$14 million in year 5.

What do the Canadian people want?

1. The environment and economy are the top issues in the federal election.⁵
2. 57 percent of Canadians think our government is doing "too little to combat climate change", and 72 percent of Canadians support the "Green New Deal for Canada".⁶
3. 84 percent of Canadians support government procurement of electric vehicles, and 67 percent want to ban sales of internal combustion engine vehicles by 2030.⁷
4. 65 percent of Canadians would buy a green bond⁸ and 20 percent would buy a BEV.⁹
5. 81 percent of Canadians feel climate change is a major threat to our children and grandchildren.¹⁰

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Endnotes

¹ Quantitative Economic Decisions, Inc., Economic Impact of GM Operations in Oshawa, Toronto, January 2019. https://d3n8a8pro7vhmx.cloudfront.net/unifortheunion/pages/2185/attachments/original/1547009870/QEDinc_Unifor_GM_Oshawa_Presentation_2018_Jan_6.pdf?1547009870

² Mark Milke, How much did the 2009 automotive bailout cost taxpayers?, Canadian Taxpayers Federation, November 2015. <https://www.taxpayer.com/media/CTF-AutoBailoutReport-2015.pdf>

³ Enterprise value is total company value (the market value of common equity, debt, and preferred equity) minus the value of cash and short-term investments. The calculation was based on: 10-K (filing date: 2019-02-06), 10-K (filing date: 2018-02-06), 10-K (filing date: 2017-02-07), 10-K (filing date: 2016-02-03), 10-K (filing date: 2015-02-04).

⁴ Statistics Canada, website 2019. <https://www150.statcan.gc.ca/t1/tbl1/en/cv.action?pid=2010000101#timeframe> Automotive News, Canada: 2 million new vehicles sold in 2018 even as sales fell 6.5% in December, January 3, 2019. <https://www.autonews.com/retail/canada-2-million-new-vehicles-sold-2018-even-sales-fell-65-december>

⁵ Forum Research, Environment Still A Top Issue, August 2, 2019. <http://poll.forumresearch.com/post/3015/top-issues-july-2019/>

⁶ Abacus Data, Climate Emergency Polling, July 16 to 19, 2019. <https://abacusdata.ca/wp-content/uploads/2019/08/Climate-Emergency-Polling-July-2019-RELEASE.pdf>

⁷ *ibid.*

⁸ *ibid.*

⁹ Éric Grenier, Canadians are worried about climate change, but many don't want to pay taxes to fight it, CBC, June 18, 2019. <https://www.cbc.ca/news/politics/election-poll-climate-change-1.5178514>

¹⁰ Abacus Data, Climate Emergency Polling, July 16 to 19, 2019. <https://abacusdata.ca/wp-content/uploads/2019/08/Climate-Emergency-Polling-July-2019-RELEASE.pdf>