

KPMG's Competitive Alternatives 2010 Study Shows GTA Strength Despite High Dollar

TORONTO, April 14, 2010 – The Greater Toronto Area (GTA) remains a competitive location for business investment despite the rise of the Canadian dollar to near-parity with the US dollar, an international study by KPMG LLP has found.

The Competitive Alternatives 2010 study, presented this week to the International Leaders Breakfast Club organized by The Greater Toronto Marketing Alliance (GTMA), shows that competitive advantages including favourable tax policies by governments are offsetting the impact of a higher dollar, which tends to make Canadian products more expensive internationally.

Canada now holds a 5 percent business cost advantage over the United States, said Simon Harding, Associate Partner with KPMG's Strategic & Commercial Intelligence practice. If the dollar were at par with the US the cost advantage would be approximately 3 percent (the study results were determined using exchange rates with the Canadian dollar valued at USD\$0.943).

Worldwide, Competitive Alternatives 2010 ranks Toronto sixth in business-cost competitiveness among a group of 41 large international cities, all with populations of 2 million or more. This represents an improvement for Toronto, up from a ranking of 14th in the previous KPMG study done in 2008, among a similar group of 35 cities.

The study is a "good news story for the Toronto region," said John Howe, Vice President of Investment strategy and Project Evaluation for Metrolinx, the regional transportation authority for the Greater Toronto and Hamilton area.

"It surely indicates that we have the right set of fiscal, taxation and public policies working across all levels of government."

"There is a lot that the GTMA and all the other agencies that are involved in attracting investment and jobs to this region can lever," Howe said. "I think our collaborative approach shows in these results."

Competitive Alternatives 2010 found that Toronto, like other cities in Ontario, offers businesses a variety of cost and non-cost advantages, such as low operating costs, affordable housing, high quality of life, access to health care at a low cost to corporations, and high-quality education.

KPMG's Simon Harding said that a lowering of taxation rates at the federal, provincial and municipal levels over the last decade has assisted the cost competitiveness of Toronto and Canada for global business. In addition, tax reforms being phased in by Ontario, including the switch to the harmonized sales tax (HST), are providing further benefits to businesses in the province because they will be able to recover their sales-tax costs, unlike competing cities in the US.

"The sectors where Toronto enjoys the greatest percentage cost advantage relative to the US are all key knowledge-intensive sectors that are important in the economy here -- clinical trials, electronic systems development, software development, Web and multi-media development, and manufacturing sectors including food processing, pharmaceuticals and electronics," Harding said.

Lou Milrad, Chair and CEO of the GTMA, said the KPMG study presents independent, verifiable evidence for the strengthening competitive position of the Greater Toronto Area internationally. Further evidence comes from heightened investor activity in the region, despite the effects of the recent recession.

"The GTMA has had one of our busiest quarters ever with respect to leads, prospects and closings, including new investments by companies from outside Canada," Milrad noted.

An executive summary of the KPMG presentation can be downloaded at www.gtmailbc.com. The platinum sponsor of the Breakfast Club event was Metrolinx; the gold sponsor was IBM and bronze sponsors were KPMG LLP, Compass Creative Media and Encore Catering.

About Competitive Alternatives

KPMG's 2010 Competitive Alternatives study provides an independent comparison of international business location costs in 112 cities in 10 countries around the world. The study enables business executives to take a quick initial scan of how business costs compare among a variety of cities in leading countries. It also assists KPMG professionals and economic developers in their work with businesses considering relocation, and enables policy makers to help determine the impact of a proposed tax and/or incentive policy change on the cost competitiveness of their jurisdictions.

To access the full report, please visit www.competitivealternatives.com.

About the Greater Toronto Marketing Alliance (GTMA)

The GTMA is a public-private partnership among the 29 municipalities and regions in the GTA, together with the provincial and federal governments, other non-profit organizations and a broad cross section of private sector corporations.

The GTMA is the key point of contact for exploring business opportunities in the GTA. With the resources of its public and private sector partners, the GTMA provides essential business information and site selection services to facilitate investment in the Greater Toronto Area.

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