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THE ONTARIO BUSINESS REPORT

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Budget focuses on fiscal responsibility, accountability and growth

Premier Mike Harris congratulates Finance Minister Jim Flaherty, following his presentation of the 2001 Ontario Budget.

"The responsible choices we make today guarantee tomorrow's prosperity," said Finance Minister Jim Flaherty as he presented the 2001 Ontario Budget. "Our plan is a solid one: cut taxes for growth, spend accountably, spend responsibly. Our plan is common sense."

For the first time in nearly 100 years, the Ontario budget has been balanced three consecutive years. The 2001 budget also includes the largest debt reduction in the province's history, the fulfillment of the government's promise of a 20 per cent personal income tax cut and competitive business taxes. Record investments in health care and education are matched by accountability and value-for-money measures.

Flaherty reported that since 1995, Ontario's economy has grown by almost 25 per cent. The private-sector consensus is that the economy will grow this year at 2.3 per cent, and it is expected to accelerate to 3.6 per cent in 2002. "The outstanding growth in our economy didn't happen by accident," said Flaherty. "We had a very deliberate plan." Central to this plan were tax cuts, and tax cuts *remain* a cornerstone of the 2001 budget.

This budget builds upon the government's action plan of 21 steps leading into the 21st century (see aside), as announced in the recent Speech from the Throne.

Highlights include:

Tax Cuts

Since Ontario started cutting taxes, tax revenues have increased by more than $15 billion and business investment in the province has increased by 66 per cent. Since 1995, businesses have created more than 822,000 new jobs. In this budget, Flaherty introduced *Ontario's Edge*, a package of initiatives aimed at keeping the businesses of this province strong and encouraging new businesses to set up in Ontario. It includes

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Budget focuses on fiscal responsibility, accountability and growth

measures to ensure tax competitiveness, as follows:

- Legislate the full schedule for corporate income tax cuts each year between now and 2005. The government proposes cutting the general corporate income tax rate and the manufacturing and processing tax rate to 12.5 per cent and 11 per cent, respectively, on January 1, 2002. These rates would decline annually until they reach eight per cent for both, when fully implemented in 2005.
- Eliminate the capital tax on the first $5 million of taxable capital effective January 1, 2002.
- Undertake a thorough review of tax incentives.

The budget also fulfilled a 1999 Blueprint promise to deliver a 20 per cent, $4 billion personal income tax cut to Ontarians. Tax cuts since 1995 mean that a family of four, with an income of $60,000, would pay $2,345 less in Ontario personal income tax.

Debt Reduction

- In the last fiscal year, the debt was reduced by $3 billion, the largest amount in Ontario's history. In 2001, the $1 billion reserve, if not needed, plus any surpluses, will be applied to pay down net provincial debt – projected at $110.7 billion as of March 31, 2001.

Value-for-Money

The government announced sweeping measures to implement value-for-money measures in the public sector. Last year, more than 80 cents of every dollar the government spent on programs and capital went to individuals and organizations in the broader public sector. The proposed accountability plan includes:

- All significant public sector organizations, including hospitals, municipalities, school boards and social services agencies will be required to balance their budgets each year.
- A proposed *Public Sector Accountability Act* will require them to publicly report their annual business plans and how well they performed against those plans.
- The Province of Ontario Savings Office, a government operation that provides limited banking services, will be sold.

Health Care

In 1999, the government promised to increase health care spending by 20 per cent to $22.7 billion by 2003-04. The government exceeded that commitment in this budget, two years ahead of schedule.

- In 2001, investment in health care services will rise by $1.2 billion or 5.4 per cent to $23.5 billion. This is the sixth consecutive increase in health care spending.

Flaherty noted that such increases are not sustainable. He called on the federal government to provide its fair share – 50 per cent of all health care funding increases, and for an open dialogue on the future of health care.

Post-Secondary Education and Skills Training

The government announced one of the largest investments ever in Ontario's post-secondary education system. This recognizes expected enrolment increases resulting from secondary school reform, demographic factors and the increasing number of students wishing to attend college or university.

- Operating grants to colleges and universities will increase by $293 million by 2003-04.
- $60 million will be invested to start up the Ontario Institute of Technology, a new university to be located on the campus of Durham College.

The budget also proposed measures related to skills training, including:

- 23,000 new spaces in computer science and high-demand engineering programs in colleges and universities.
- $50 million over five years for up-to-date equipment and facilities in colleges for apprenticeship programs.

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21 Steps into the 21st Century

The 2001 Ontario budget builds on the government's action plan of 21 steps leading into the 21st century. These steps were announced in the Throne Speech, and outline the new ideas and decisive actions needed to protect the economy and sustain Ontario's quality of life.

The 21 steps are:

1. Removing barriers to jobs, investment and growth
2. Paying down debt
3. Smaller government
4. More efficient government
5. Improved customer service and e-government
6. Preparing for the new economy
7. Promoting growth among all regions and industries
8. Holding the broad public sector accountable to taxpayers
9. Smart growth
10. Flexibility and choice in education
11. High education standards and performance-based accountability
12. Giving our children the best start in life
13. Post-secondary access for each qualified student
14. Ensuring a skilled workforce
15. National leadership in health care reform
16. Improving health services
17. Protecting environmental health and safety
18. Helping people off welfare and into jobs
19. Enhancing community safety and victims' rights
20. Equal opportunity for all citizens
21. Parliamentary reform

Traffic signs get a facelift with Flex-Vest

As a municipal advisor with the Ontario Ministry of Municipal Affairs and Housing, Alexandre Moricz spent a lot of time on the road. Moricz was based in Kingston and constantly travelled across the province.

Alexandre Moricz, has designed a reusable cover for traffic and other signage.

"I was always travelling along roads that were under construction, and I frequently came across highway or traffic signs that were covered up," said Moricz. "These coverings were often simply garbage bags taped over the signs. They would be blowing in the wind, sagging and tattered and, quite frankly, they were a road safety hazard. I decided to explore how to cover signs in a safe effective way."

That was two years ago. Since that time, Moricz has been busy. He left the government and together with wife Linda, established Contour Tek. He began by conducting a patent search, a market study and a detailed statistical analysis of traffic signage in Ontario, Quebec and the USA. "There are 1,000 different signs in Ontario," says Moricz. "We had to determine which ones were the most common and, of these, which had the highest demand for cover." Next, the company worked together with Ottawa's Design Workshop to design a product, develop prototypes, and conduct substantial laboratory and site testing. Soon after they found a manufacturer.

The result is Flex-Vest – a durable, lightweight, inexpensive and reusable sign cover that can be fitted to most traffic and special event signage. The Flex-Vest also includes a see-through pocket for alternate messaging. It comes in 15 sizes, and is adaptable to both metric and imperial measurements. It's currently available in square and rectangular shapes. A diamond shape will be available later this summer.

"We attended our first trade show in February," said Moricz. "We sold out the very first day." At the same time, the company received the Annual Entrepreneurial Innovation Award in the business category from Quebec's Foundation de l'entrepreneurship. "That was quite exciting," he says. "It was great to get outside confirmation that we had developed a product that was really worthwhile."

Moricz has since contracted experienced salespeople. The target market is construction and signage companies, public works and parks and recreation departments, and any operation with a road network, for example, airports and transit authorities. There is also enormous potential for special events signage. "Film companies are a prime example," says Moricz. "It's often necessary to block signs and put up temporary signage when filming."

Contour Tek is based in Ottawa-Hull, and Moricz plans to concentrate initial sales efforts within Ontario, Quebec and western Canada. "It's very important to us that we give equal priority to both French and English," says Moricz. "Even our company name was chosen with that in mind." Contour is spelled and pronounced the same in both French and English.

"Flex-Vest has only officially been on the market for eight weeks, but we're very encouraged by the reaction so far," says Moricz. "We hope that the Flex-Vest will soon be seen regularly along our roads and highways, and that will be the finest possible advertising. We believe the potential is huge."

For more information, visit www.contourtekinc.com

VIEWPOINT

When the Harris team was first elected in 1995, we were determined to make the tough decisions and responsible choices to get this province back on the right track. As a result, Ontario's economy has grown strong and hundreds of thousands of jobs have been created.

The 2001 Ontario Budget maintains this direction. For the third year in a row our government has delivered a balanced budget. It is a budget that continues to cut taxes. It is a budget that continues to pay down debt. It is a budget that demands value for taxpayers' dollars.

Presented by Finance Minister Jim Flaherty on May 9th, it builds upon our government's action plan of 21 steps to meet the challenges of the 21st century. This creative new plan was presented during the recent Throne Speech, and it focuses on three priorities:

- **Growth:** As always, economic growth and job creation remain our government's top priority. To date, our policies have led to more than 822,000 new jobs. More than 578,000 people have escaped welfare. And in the last two years, Ontario's economy has outperformed each G-7 nation. Our goal is to protect and sustain these gains for all Ontarians.
- **Fiscal responsibility:** This begins with the prudent use of tax dollars, with a focus on priorities such as health care, education, environmental protection and infrastructure.
- **Accountability:** This is required not only of the provincial government but of all governments and all institutions funded by taxpayers.

The 2001 budget moves the province forward in each of these fundamental areas. Within them, Ontario's businesses too will thrive. Our government believes that the first priority of business should be paying wages, not paying taxes. As one measure, we will introduce legislation to implement the full schedule of corporate income tax cuts between now and 2005. This would give businesses more certainty about the future. It would also mean that in 2005, Ontario would have a lower combined corporate income tax rate than any of the 50 U.S. states, and any Canadian province. This move alone will make Ontario a prime destination in North America to do business.

Over the past five-and-a-half years, our government has taken the tough decisions to keep Ontario on the right track. Today, the economy is competitive, job creation is high, inflation and interest rates are low, real disposable incomes are rising, and consumer, business and government finances are in excellent shape.

The responsible choices we have made – and will continue to make – are all part of our government's commitment to make Ontario the best place to live, work, invest and raise a family.

Bob Runciman
Minister of Economic Development and Trade

Transformix transforms business processes with automation

"Life is short and since you have to work somewhere, it might as well be at a place where you're happy, and where you're treated with respect and dignity," says Peng-Sang Cau, President and CEO of Transformix Engineering Inc. of Kingston.

Seeking an opportunity to build a company that treats employees, clients and suppliers in the best way possible, Cau and her husband Richard Zakrzewski started Transformix in the basement of their house in 1995. Richard is an electrical engineer and Peng is a business major with a strong background in sales and marketing. By combining their experience they landed their first contract, invited engineers Martin Smith and Ken Nicholson to join the company as equal partners, and never looked back.

Five years later, Transformix is a respected designer of customized high-end intelligent machines. These are automated machines that help companies increase productivity, meet more stringent quality control standards or streamline handling of materials.

Transformix has met all of these challenges and more. It has designed automated processes from a Gantry Robot to address the ergonomic issues inherent in a repetitive task, to a machine for the automotive industry that uses data acquisition and sound vibration technology to detect loose particles. The company is currently working on a machine to automate the making of fibre optics components. "We present our company as one that provides solutions to manufacturing problems in any industry, however, our main focus is in the automotive, pharmaceutical, hi-tech/telecommunication and consumer packaged goods industries," says Cau. "A major benefit of having started our business in Ontario is that this province has the most manufacturing plants in Canada."

Alongside its primary business of industrial automation, which has been doubling in size every year, Transformix also offers individual manufacturing and engineering services. It designs specific products such as electronic embedded controller boards or precise machine parts including robotic end effectors.

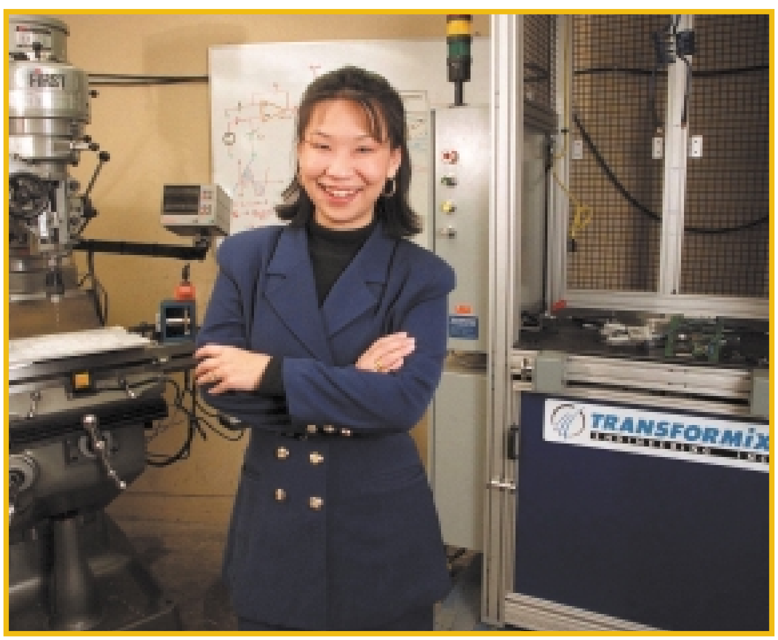
"An important element in our success is our innovation. We keep on top of the latest technology so we can pass it along to our clients," said Cau. "For instance, we create a three-dimensional virtual machine in CAD before we build an actual machine. That way we can review it with our client and make any modifications first, which can translate into significant cost savings for them in the long term." Transformix manufactures the actual machines within its 465 sq. m facilities.

Another important commitment is to customer service. A marketing manager is assigned to every project to ensure it is completed on budget and on schedule. Experienced millwrights, electricians and tool and die makers are on staff to help facilitate the projects. There is also careful documentation of the design-build process, to ensure the details needed for maintenance or subsequent modifications will be available to the client long after the equipment is in production use.

With blue-chip clients including 3M Canada, Pfizer, Procter & Gamble and Nortel Networks, this approach is obviously paying off. Transformix has grown to 19 employees, including five engineers with wide ranges of practical experience and a representative to help Cau sell the company's professional services. Transformix has also taken part in provincial government programs that help Ontarians find work, including the Summer Jobs Service, a program that assists students aged 15 to 24 find a summer job that provides experience and training.

"Our future goal is to be a leader in designing and building intelligent equipment that will help manufacturers produce their products more efficiently, reliably and safely. We also want to go after more high tech business, specifically in fibre optics," said Cau. "There is a lot of good opportunity for a leading edge company such as ours to pair up with such a leading edge industry." Cau says the only difficulty she foresees in maintaining the company's rapid growth lies in being able to find and hire enough qualified engineers.

"Transformix was recently nominated for a business achievement award, as well as a Pinnacle Award, and these were great honours. But our greatest pleasure still lies in having met our goal of building a great company to work in. We have employees who say they really enjoy coming to work," says Cau. "The key for us has always been in translating that satisfaction into superb treatment of our clients and suppliers. We believe our company has been very successful at that."



Transformix President and CEO, Peng-Sang Cau. Transformix has built a reputation as a respected designer of customized high-end intelligent machines.

Timberland – growing through diversification

A workboat tug uses Timberland marine winches. Sales of Timberland marine winches are growing rapidly.

The Timberland Group has come a long way from being a small supplier to the logging industry in 1947. What began as an Ontario-based winch manufacturer has grown into a multi-faceted, international operation that serves utilities, oil companies and underground mining operations around the world. With headquarters in Woodstock, the company now has manufacturing plants at two locations in the U.S. and in Sudbury, and exports about 75 per cent of its production.

"We've changed dramatically since I joined the company as an engineer in 1964," said company president Walter Booth, now sole owner of The Timberland Group. "Conductor handling equipment is now the largest part of our business. It's used to install electrical power lines and communications networks. We also make mining equipment, and sales of our marine winches are growing very quickly."

After its early success in the logging, mining and heavy construction sectors, the company moved into the conductor handling market in the 1970s, and quickly became a dominant market force. Electrical utilities and telecommunications companies prized Timberland's conductor handling equipment for the fast, efficient installation of power lines and distribution networks. At the time, massive Canadian power projects like James Bay provided Timberland with a steady market for several years.

When that market wound down, the company looked south, where there was a strong demand for Timberland's equipment. Sales to expanding U.S. utilities were brisk, until the "Buy America" act, which restricted imports, and threatened Timberland's U.S. sales.

"We solved the problem by purchasing our main U.S. competitor in 1984," said Booth, "and we followed that with the purchase of the next largest U.S. company. At the same time, we put a major effort into selling our stringing equipment technology to other countries around the world, with significant success. Now we're one of the world's largest companies in the conductor handling field."

The Timberland Group is also a force in the offshore oil business, along with its subsidiary Almon Johnson Limited. The company's winches are a key component of a new offshore oil well process that promises increased crew safety and production efficiency. Unlike the platforms used in the past, which are fixed to the ocean floor, the new technology uses massive floating buoys that are manipulated with powerful winches. Oil is then off-loaded to a shuttle tanker.

"We've sold a mooring system to the Terra Nova project in offshore Newfoundland," said Booth, "and we have other sales in the works. Marine winches are a key part of this new offshore oil production method, so there's a lot of potential for us."

Timberland's equipment is also at work underground in mines around the world. Subsidiary Marcotte Mining Machinery Services Inc. makes underground service vehicles and equipment at the plant in Sudbury. Another subsidiary, TSE International Inc., makes tree trimmers and other "right-of-way" maintenance equipment that is sold in the fast-growth forest regions of the United States.

"Looking back, it's clear that it's our diversification that has kept us growing," said Booth. "Our export sales are the key to continued growth in the future. With the positive business climate we now have in Ontario, and the hard work of our employees, I'm confident that we'll continue to grow with new products, and move into new markets."

Ontario's aerospace industry is strong and competitive

Ontario accounted for 35 per cent or $6.8 billion in aerospace sector sales in 1999. The sector employs over 30,000 people in the province.

The aerospace industry has a long history of excellence in Ontario. Its many accomplishments are recognized worldwide. It's a leader in key global market niches such as landing gear systems, 20- to -70-seat turboprop aircraft, environmental control systems and small gas turbine engines.

Ontario is also home to some of the world's most innovative and successful aerospace companies. Bombardier Aerospace designs and builds aircraft at its facility in Toronto, and is the city's largest industrial employer with 6000 workers. Honeywell, BF Goodrich, Messier-Dowty, and Boeing are all international players with Ontario operations. Equally strong are independent Canadian aerospace companies based in Ontario, with Magellan, Com Dev, Devtek Aerospace and Derlan Aerospace all being key performers.

"Ontario's aerospace industry is one of our province's most prominent industrial sectors," said Bob Runciman, Minister of Economic Development and Trade. "It's strong, growing and competitive, with great opportunity for future growth."

"The aerospace industry in Canada is ranked 4th in the world according to the Aerospace Industries Association of Canada (AIAC) in terms of sector sales." In 1999, these sales totaled $19.6 billion. Ontario accounted for 35 per cent of this, or $6.8 billion. In 1999, more than 30,000 people worked in the aerospace sector in this province.

Bombardier Aerospace

Bombardier is active in the fields of aerospace, rail transportation equipment, recreational products and financial services. It is the world's leading business, regional and amphibious aircraft manufacturer with operations in Canada, the United States and United Kingdom. Bombardier designs and builds aircraft at its facility in Toronto where it employs over 6000 staff.

Boeing

The Boeing Company is the largest aerospace company in the world, serving all three principal aerospace markets – commercial, defence and space. Its Commercial Aircraft Group operates three manufacturing facilities in Canada at Winnipeg, Toronto and Arnprior. These facilities employ more than 3,000 staff. Boeing also places contracts in Canada of approximately $1 billion annually through over 250 suppliers, employing 32,000 Canadians across the country.

Valcom Limited

Founded in Guelph, in 1955, the company has expanded over the past four decades with facilities in Guelph, Ottawa, and West Vancouver. The Guelph facility is a modern, fully-equipped, electronic, electromechanical systems and equipment engineering and manufacturing plant that is ISO 9001 certified. Valcom activities include a broad range of professional services including: Information Management, Engineering, and Specialty/Technical Support.

BFGoodrich Aerospace

BFGoodrich Landing Gear Division located in Oakville, has total capabilities for the design, development and manufacture of complete landing gear and flight control systems. Current production includes landing gear for Boeing, McDonnell Douglas, Fokker, and Bombardier de Havilland.

Aerospace Industry to be profiled at Paris Air Show

One important way Ontario's Aerospace industry builds its profile is through international air shows. This year, it's the Paris Air Show. This world-renowned trade exhibition and flying display takes place every two years at Le Bourget Airport, from June 17-24. It's the oldest aeronautical show in the world, and is considered the world's premier aerospace business event. It is expected to host 1700 exhibitors from 43 countries. There will be more than 270,000 visitors, half of whom are from within the industry.

Minister Bob Runciman and the Ministry of Economic Development and Trade, together with officials from the aerospace industry, and the Ontario Aerospace Council and Ontario Exports Inc. (the Government of Ontario's lead trade agency), will represent Ontario at the Paris Air Show.

"Our goal is to help our small and medium-sized exporting companies seek new alliances and other business opportunities with foreign companies," said Runciman. "It also presents a fine opportunity to sell the benefits of Ontario as a preferred investment location to global aerospace companies. Ontario has the right people, an established infrastructure, a solid supplier base, a positive research and development climate, a fair tax system, and a central location that can greatly benefit many of the world's aerospace firms, large and small."

More than a dozen Ontario aerospace businesses will participate as part of the Ontario team, including:

- Atlantis Systems International, of Brampton, which supplies a broad range of simulation-based training systems to the international aerospace community.
- Derlan Aerospace Canada, of Milton, which is a designer and manufacturer of high technology metal-based products.
- Eagletronic Industries Inc., based in Weston, which deals in precision machining and assembly of various landing gear components, structural and flight control parts.
- EMS Technologies, of Ottawa, which supplies the aviation industry with satellite-based terminals, antennas, and systems for aeronautical applications.
- Markham's Shimco North America, which is the sole Canadian manufacturer of laminated metallic sheets used in the creation of precision, peelable shims

Ontario's aerospace industry will be well represented at this year's Paris Air Show. The aeronautical show is considered the world's premier aerospace business event.

"The Paris air show is a unique opportunity for participating companies to actively seek out meetings and make contacts with firms that are of interest – whether as suppliers, partners, or customers," said Rod Jones, Executive Director of the Ontario Aerospace Council. "Ontario companies will get a tremendous amount done in a very short period of time."

Certainly, the Paris Air Show presents an important opportunity. Not only for the small and medium sized companies that will participate under the Ontario team banner, but also for larger aerospace companies that will participate independently. Together with the government, these businesses will continue to build on a proud heritage, and work to bolster the position and performance of the industry.

As Jones says, "Ontario's aerospace industry has very strong capabilities, particularly in the systems and equipment areas. The industry is one that clearly has high value jobs. It's export-based and technology-based. And it contributes to, and builds on, the rich and diverse economy that is Ontario. We look forward to the continued growth and strength of our aerospace industry in the years to come."

Stokes – an Ontario gardening tradition since 1934

Wayne Gale is President of Stokes Seeds, the largest seller of vegetable and flower seeds in Canada, and the third largest in North America.

It's a summer tradition in Ontario. Load the kids into the car. Drive along the country roads. Pull up to a farmer's roadside stand with tables piled high with sweet corn and fresh vegetables just picked from the fields that morning. Fill a bag with produce and head home in anticipation of an evening feast.

Chances are high that this particular feast is a direct result of Stokes Seeds. A third-generation family business based in St. Catharines, Stokes is the largest seller of vegetable and flower seeds in Canada, and the third largest in North America. The company's origins date back to New Jersey in 1881. In 1934, Niagara cauliflower grower and Stokes sales representative, Harry Gale purchased the Canadian arm of the company. Today, the Gale family controls distribution of Stokes Seeds throughout North America.

"Our seeds are specific to the climate and short growing season of northeastern North America," says Wayne Gale, President of Stokes Seeds. "We sell more than 3,000 varieties – everything from alyssum to zucchini."

Stokes has two major markets. The first is farmers and greenhouses who, in turn, grow product to sell to the Ontario Food Terminal Board, major food chains, food and flower stores and roadside vendors. This commercial grower market represents about 85 per cent of the company's business. The second major market is the home gardener. Stokes has more than 240,000 loyal customers who purchase seeds via catalogue, on-line or at Stokes distribution centres.

"For the home gardener, tomatoes are typically the most popular vegetable," Gale says. "And impatiens have replaced the petunia as the most popular flower." Gale says he is also seeing an increase in the popularity of mini-vegetables or gourmet vegetables, and new varieties of product are constantly being developed. "There are lettuce collections that didn't even exist four years ago," he says. This growth is due to breakthroughs not only in genetics, breeding and product but also in harvesting and packaging.

Stokes handles two types of seeds: open-pollinated and hybrid. Open-pollinated means that seeds are planted and harvested as an almost exact replica of the original plant. Hybrid seeds are the result of crossing two "parent" plants to get the best characteristics of each. Stokes purchases seed from suppliers around the world, packages them in Ontario and distributes them. Company sales are evenly divided between Canada and the United States, with individual sales ranging from $2 to U.S. $500,000.

"We have such a large market share in Canada that our business is growing only incrementally here," says Gale. "In the United States, however, the growth potential is huge. Our business strategy is to position our balance sheet, our people and our facilities in such a way as to take advantage of opportunities. If one of our competitors is closing, we are prepared to step in quickly and capture their market share." Stokes plans to continue to concentrate on the sizeable northeastern market. Expanding to other regions in the States would require different varieties of seed and different marketing techniques.

Stokes has a core staff of 100, and peaks out in mid-February with 260 employees in Ontario. The company's head office, storefront operation and 2,549 cubic m. warehouse are located in St. Catharines. Other distribution centres are located in Fredonia, New York and in Vineland, New Jersey, which cater to the large number of commercial growers in those areas.

Stokes maintains a 34-acre seed farm and research garden in St. Catharines. Decisions on which seed varieties Stokes will carry are made following evaluations at these trial grounds. "We also conduct adaptability trials," Gale says. "For instance, we have a Scandinavian company working with us that is looking at introducing some of their seeds to North America. We're testing to see whether the characteristics the plants show in Scandinavia are maintained here in North America." Stokes is also an official trial ground for the All America Selections, an organization which tests and judges new plants and gives awards for the most superior plant giving value to the home gardener.

Gale is clear on the benefits of growing plants from seed. "Cost is a factor. A few dollars will buy 50 seeds, which is significantly less than purchasing a flat of plants. Purchasing seeds allows for more control over colour and variety. And growing from seed is very therapeutic," he says. "You almost need a microscope to see a begonia seed, yet in time it will become a large and colourful plant. It's an amazing process to watch."

For further information, visit their Web site at www.stokeseeds.com

Stokes Seeds trial grounds are a favourite destination for plant lovers during the months of July and August.

Jamieson – a leader in natural health care products

In pharmacies and retail stores across Canada, customers regularly stop in front of shelves of small bottles with uniform green lids. They peruse the selection of natural health products – multivitamins, St. Johns Wort, Echinacea, calcium supplements and more – all generated to help improve personal well being.

Jamieson Laboratories has been manufacturing all-natural vitamins, minerals, herbs and nutritional supplements for over 75 years. Today, they produce more than 400 products.

"There is a growing awareness of alternate health remedies and alternate health maintenance programs. People have come to view nutritional products as a good insurance policy," said Victor Neufeld, President of Jamieson Laboratories.

This awareness is evident in the growth pattern that Jamieson has experienced, particularly through the 1990s. A solid focus on product quality, new-look packaging and a cross-country advertising campaign has helped Jamieson grow from $20 million in annual sales early in the decade, to in excess of $100 million today. This privately owned company commands about 24 per cent of the Canadian marketplace in its field.

"Today, we not only have more new consumers, but there are many long-time consumers who are adding to the menu of nutritionals that they take daily," says Neufeld. In the early 1990s, an estimated 42 per cent of the adult Canadian population was taking some form of nutritional supplement. This has now grown to about 47 per cent. Jamieson has been quick to meet the increased demand. The company built a 9,290 sq. m. laboratory and manufacturing facility in Windsor (their head office is in Toronto), and rents a further 4,645 sq. m. of space. Through solid research and development, they deliver the remedies.

"In 1994, we identified the herbal category as a future runaway success," says Neufeld. "As part of that, Jamieson was the first to adopt the standardized extract program. Through this we demanded that raw material vendors standardize their product, such as Echinacea, to the most effective potency of the plant." Jamieson uses all natural ingredients sourced from suppliers worldwide.

The company also identified the need for more focus on calcium products to address women's health issues and an aging population's concern with loss of bone density. It's also a leader in the multi-vitamin category and has re-launched its entire multi-line *Vita-Vim*. In all areas, quality is key. In Canada, vitamins, minerals and herbs are regulated as pharmaceutical drugs. Every Jamieson product undergoes up to 211 in-house pharmaceutical quality control steps from start to finish.

Jamieson has 300 employees, one-fifth of whom are involved in quality assurance and control, regulatory, consumer affairs or research and development functions. They all help bring to market 40 to 50 new products each year. The process involves developing a position paper, a costing model and a theoretical formula, and sourcing vendors who can provide quality raw material with the right potency. Taking a product from concept to retail shelf can take six months to one year.

"Products like green tea oil and olive leaf extract sound weird and wonderful, but we do the research, find a need and we bring it out," says Neufeld. "Consumer demand will determine if it survives. We consider a 50 per cent survival rate of new products after two years a success."

The company exports to more than 30 countries, including Asia and the Middle East, and is taking the time to develop a solid international base with good partners. Growth in the United States is also strong, with a recent discussion on Fox TV of Jamieson's new product *Ultra Slim Down* resulting in the product selling out overnight. Neufeld is also proud of the company's Web site www2.jamiesonvitamins.com, which provides information and advice on natural products most appropriate for ailments ranging from allergies to weight management.

Ontario has proven a good base for Jamieson. "Geographically, being in the centre of Canada is great because we ship from coast to coast," Neufeld says. "Also, most of our facility is in Windsor and it's advantageous being so close to the border." He gives credit for the success of the company to a dedicated and talented work-force who, he says, "have seen us through lean, robust, growing and challenging years."

Neufeld expects Jamieson Laboratories will experience continued growth as people increasingly recognize the importance of proper nutritional balance to sustaining an active and healthy life.

Victor Neufeld is President of Jamieson Laboratories. The company exports to over 30 countries.

Young entrepreneurs strategy encourages job creation

Create your own job. Build for your future.

The Provincial Government recently unveiled its four-year, $15-million Young Entrepreneurs Strategy designed to promote an entrepreneurial spirit among youth.

"The Young Entrepreneurs Strategy encourages Ontario's youth to think about creating their own jobs," said Ontario Economic Development and Trade Minister Bob Runciman. "We want young Ontarians to learn that building their own unique business is a viable and desirable career option."

The four-pronged strategy includes:

- *Future Entrepreneurs* – a program for the classroom that introduces an entrepreneurial mind-set and skills to students in Grades 7 and 8.
- *Summer Company* – a program assisting enterprising students to start up and run their own summer business. The program provides hands-on business training and mentoring with an award up to $3,000. This program is for youth 15-29 years of age returning to full-time school in September.
- *My Company* – a program combining hands-on business training and low interest loans of up to $15,000 to help enterprising youth 18–29 start up their own business. The program, which is carried out in partnership with Royal Bank, will be accepting applications May 28, 2001.
- A public outreach campaign to raise awareness among Ontario students, their parents and the public at large about the importance of entrepreneurship as a viable career option. This includes a new interactive Web site to be launched early next year that offers information and services to assist and support youth entrepreneurship.

The Ministry's program, is actively supported by Royal Bank and Junior Achievement.

"In the next four years, *My Company* aims to achieve 600 start ups," said Rod Schaaf, Vice-President, Small & Medium Enterprises for Royal Bank. "Think of the opportunity that represents – for economic stimulation, for new employment and for setting these young people on a course that benefits everyone."

"Thousands of businesses, from small local retailers to large multi-nationals, started the same way – with the dreams of a young entrepreneur," added Schaaf.

Gale Carey, President and CEO of Junior Achievement of Toronto and York Region sees the *Summer Company* program as an extension of Junior Achievement in-school and after-school programs where students are able to learn the principles of owning and operating their own business in a risk-free collaborative group environment.

"The Ministry's *Summer Company* program will allow these students to put their skills to the test while establishing their own businesses," Carey said. "Luckily for the students, they still get to do this in a supportive, nurturing environment with training and mentors."

Kim Ades has experienced the trials and tribulations, as well as the rewards of entrepreneurship first hand. At 26, Ades started her own company, Upward Motion Interactive Training Solutions, whose software helps assess and train employees. Six years later, she heads a staff of eight and sells her simulation training technology to banks, school boards, and major retailers.

"The help from entrepreneurship programs was critical in getting started," said Ades. "They helped me with contacts and they helped me with financing. Entrepreneurship is an undervalued profession. It's great that students will get this exposure to the entrepreneurial way of life."

Kim Ades, President of Upward Motion, demonstrates an interactive training program to Economic Development and Trade Minister Bob Runciman at the launch of Ontario's Young Entrepreneurs Strategy in Toronto.

Bob Runciman, Minister of Economic Development and Trade, cuts the ribbon during the opening of the 1000 Islands Entrepreneurship Centre in Brockville.

Small business gets boost in Brockville

Help is on the way for small business owners in Brockville with the recent opening of the 1000 Islands Entrepreneurship Centre. Minister of Economic Development and Trade, Bob Runciman, was present on April 24 to open the new facility.

Ontario Ministry of Economic Development and Trade provided primary funding together with the 1000 Islands Community Development Corporation, the City of Brockville and other local partners for the 15th Small Business Enterprise Centre across the province.

Located in Brockville City Hall, the Enterprise Centre will help small businesses throughout Leeds and Grenville get started. The centre will offer advice and expertise to entrepreneurs – drawing up business and marketing plans, registering their businesses and navigating the minefields of the business world.

Patheon predicts 20 per cent growth

Mississauga-based drug manufacturer Patheon Inc. expects to exceed its revenue target of $300 million in the fiscal year ending this October 31st.

The company made this announcement at a shareholders meeting held earlier this year. CEO Robert Tedford stated that revenue would get a boost from the new manufacturing plant the company is buying from Novartis Pharmaceuticals Canada Inc.

The company posted a 67 per cent jump in profit to $3-million or 6 cents a share on revenue that rose 27 per cent to $64.2 million for the first quarter ending January 31st.

According to Tedford, "with the acquisition of the Novartis plant in Whitby, Patheon will become arguably, the largest manufacturer of pharmaceutical products in Canada."

Ford upgrades its St. Thomas facilities

Ford Motor Company of Canada recently announced a major investment at its St. Thomas Assembly plant. The investment is a major upgrade of its paint shop facilities designed to improve the paint quality of cars and improve the efficiency of the manufacturing processes. A complete paint shop for major assembly plants costs about $450 million.

The plant currently manufactures the Ford Crown Victoria and Mercury Grand Marquis full-size passenger cars favoured by taxi companies and police forces. The plant assembled over 235,000 of the vehicles last year. The plant has an annual capacity of 270,000 cars and will increase output next year with a third car, the Mercury Marauder. Production of this vehicle is scheduled next spring for the 2003 model year.

Ford aims to produce about 10,000 Marauders in the first year of production.

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Budget focuses on fiscal responsibility, accountability and growth

- $12 million over three years to help foreign-trained professionals employ their skills more quickly in Ontario.

Transportation Investments

Transportation investments will support the government's made-in-Ontario Smart Growth initiative aimed at sustaining a strong economy, strong communities, a healthy environment and enhancing Ontario's quality of life.

- Gridlock in the Greater Toronto Area and surrounding regions will be addressed with a $250 million SuperBuild investment in inter-regional transit expansion.
- $250 million will be invested in strategic infrastructure, including transportation and environmental projects, in Ottawa, Hamilton, Windsor, London, Sudbury, Thunder Bay, Waterloo Region and Niagara Region.
- SuperBuild will call on the private sector to complete Highway 407 east to Highway 35/115.

Flaherty gave special thanks to the people of Ontario for providing their ideas and advice during consultations for the 2001 Ontario Budget. He said, "This Budget is really for them – for all the people in Ontario who can count on a better tomorrow because of the decisions we are making today."

Wilderness centre will bring tourists north

Tourism is big business in Ontario, generating more than 400,000 jobs and billions of dollars in revenue. Worldwide, more and more tourist dollars are being spent on unique ecological and cultural experiences, a fact well-known to the Moose Cree First Nation in the James Bay area of Northern Ontario.

"People are very interested in experiencing our culture," said Bert Wapachee, director of Economic Development for the Moose Cree First Nation. "We've been leading culturally-oriented expeditions here for several years now, and we've received very high ratings from tourism groups in Europe. What we have lacked is permanent accommodations and facilities for our visitors."

The Wa-Sh-ow Cree Ecotourism Wilderness Centre near Moose Factory, will provide an authentic experience for today's eco-tourist.

The Wa-Sh-ow Cree Ecotourism Wilderness Centre will provide the authentic experience today's eco-tourist wants. Now under construction on the site of an old hunting lodge 60 km southeast of Moose Factory, the Centre will give visitors comfortable rooms and a good sample of Cree culture and traditions. The $2.2 million project is set for completion this fall, with the grand opening in March, 2002.

"The buildings are vertical log construction, very similar to the homes of our ancestors," said Mr. Wapachee. "The design is unique, and it's based on our traditions. It depicts a bird with outstretched wings. Guest rooms are located in the 'wings', the bird's head and body house the kitchen, and the tail will be conference rooms."

The centre was designed by David Andersen, a Minnesota architect who is a recognized authority on sustainable development, planning and design.

"We're planners, anthropologists, researchers and architects," said Mr. Andersen. "We have to be somewhat humble when we come in to a project like Wa-Sh-ow, and listen to the local people. We had worked on the Cree Village Lodge on Moose Factory Island, so we knew that they had a tradition of using animals as symbols, but the spirit behind the design was really Bert Wapachee."

Mr. Andersen also had numerous meetings with Chas Cachagee, a local expert in vertical log construction, to determine how the bird-shaped structure could be best built using traditional methods. Mr. Cachagee's' company, Vertical Log Homes, is building the structure, with several other contractors. The project received funding from Aboriginal Business Canada, the Wakenagun Community Futures Development Corporation, and owners Moose Cree First Nation.

"We're going to have a state-of-the-art facility," said Mr. Wapachee. "It will be a true eco-lodge, using solar and wind energy. A walkway joins the main building to an elder's circle with a fire pit, and they'll share their wisdom and our traditions with the guests."

The lodge will house a maximum of 24 guests, who will experience Cree life as it was lived during several historical eras. Activities are also geared to the season, with fishing in the summer, goose hunting in the fall, and trap line activities in the winter. Disadvantaged local children will join the guests, guides and elders from time to time, to ensure that traditions are passed on to the next generation.

"It's challenging to build something like this in a remote area," said Mr. Wapachee. "But I'm confident that the results will be well worth it, for visitors and for local people."

THE ONTARIO BUSINESS REPORT

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Ontario

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