

THE ONTARIO BUSINESS REPORT

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Southwestern Ontario: Snapshot of economic growth and development



Southwestern Ontario is a vast and diverse part of this province. It includes major centres such as Kitchener, London and Windsor. It is home to broad-based sectors vital to Ontario's economy, such as automotive, high-tech, and agriculture, and the businesses and skilled workers that support them. It

offers attractions, events, restaurants, accommodation and a warm welcome throughout its many counties and communities. Certainly, the region is a snapshot of the economic growth and development occurring across Ontario.

"We have several major economies at work," said Steven Blake, Regional Manager of the Southwestern Region for the Ministry of Economic Development and Trade. "Windsor, of course, is focused on the automotive sector. To varying degrees, this sector is important all across South-



western Ontario, with parts manufacturers, precision metal machining and other businesses necessary to feed the auto industry all located in this region.

"We have all the technology companies

throughout 'Canada's Technology Triangle' (comprising Cambridge, Kitchener, Waterloo, and the Region of Waterloo) and high-tech specifically is an important source of growth. We have 'Sarnia, which is a centre for the petrochemical industry. We also have some of the most fertile agricultural lands in Canada. There is enormous diversity."

Blake also emphasized that growth and development in Southwestern Ontario is intrinsically linked to its excellent access to key transportation networks. Highway

401 traverses Southwestern Ontario, with Highway 402 branching off at London and Highway 403, with its recently completed extension between Hamilton and Brantford, at Woodstock. "Anywhere along these highways you have solid economic growth based on the need to access major transportation corridors," said Blake. "We are ideally situated next to the United States. Businesses in Southwestern Ontario are only

one day's drive from 80 per cent of the North American market."

Bob Runciman, Minister of Economic Development and Trade, recently toured Southwestern Ontario to meet with entrepreneurs and owners of many of the region's businesses, and to gain a better

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Thinking outside of the box

If you build a better box, will the world beat a path to your door? The continued success of Sertapak Group Packaging Systems proves that the golden rule of business still applies in today's economy. The privately held company began as a small sales agency for paper corrugated products in 1982. Founders David and Liz Nettleton worked from a home office in Scotland, Brant County, Ontario, and sales grew steadily.

The company's turning point was in 1987, when the couple saw a tremendous new sales opportunity. As environmental awareness went mainstream, a new demand for high-quality, returnable packaging emerged. The company responded with its own line of high-quality, returnable containers.

The market for returnable containers has expanded considerably since then, as has Sertapak, with 30 per cent annual sales growth in recent years. No longer simply a manufacturer and distributor of containers, Sertapak gives its customers in the auto, textile and food processing industries custom-engineered packaging and material handling expertise that saves them time and money.

The company now occupies a 140,000 sq. ft. building in Woodstock, Ontario and has 130 employees, with a design staff of 12. The facility houses a flexible manufacturing area, test lab, R&D department and design centre.

"Our customers want a custom packaging solution," says Bruce Orr, Sertapak's Executive Vice President and CFO. "In many cases, that means working with them before they even start production of whatever it is they are going to package and ship. A good material handling system can have a tremendous effect on efficiency."

Mr. Orr offers the example of the company's recent partnership with Plastcoat, an Ontario auto parts manufacturer

contracted to supply exterior parts for the Ford Explorer. In order to meet Ford's specs, Plastcoat must supply its parts to the production line assembly sequence, with delivery based on production schedules. With the numerous varieties of parts involved, having the right part available at the right time can be a challenge.

"The system is called In-Line Vehicle Sequencing," explains

Mr. Orr. "We teamed up with Plastcoat and designed a custom container for the parts. We consider logistics, ergonomics, and many other factors before we finalize the container's design. Each container has an I.D. number for sequencing on the production line. They're efficient, strong and re-useable."

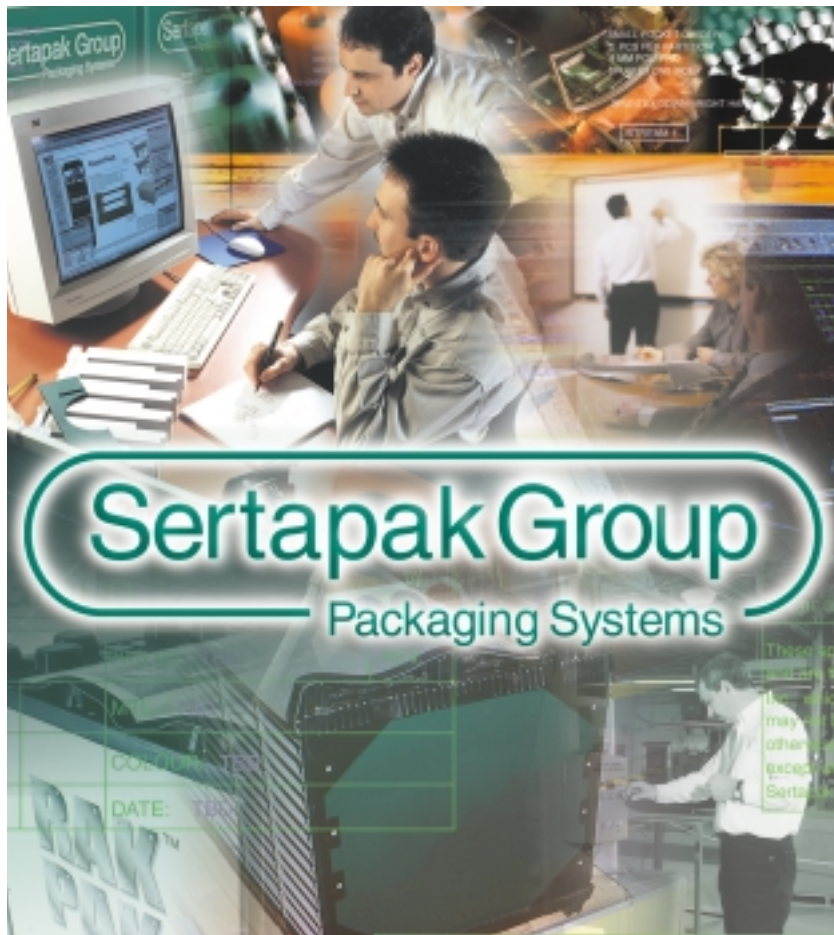
Auto industry customers account for about half of Sertapak's sales. That business will continue to grow, as automakers move toward offering consumers a truly custom-built car. The efficient packaging of parts is vital to the process.

"Our package designers are crucial to our success," he says. "Some of them are now working on-site with the customer. Others are in-house, where they

can take 3-D renderings of a part and design the best possible container for it using modeling software. Packs are prototyped and then destruct-tested in our certified testing lab. Whatever the case, the customer gets a container that does the job in the most efficient way."

In the meantime, Sertapak continues to grow, lining up new automotive clients in the U.K., Mexico and the U.S. The company has also boosted sales to the plastics, food processing and aerospace sectors in Ontario.

"We're well-positioned for further growth," says Mr. Orr. "There are still a lot of emerging opportunities in our business."



An ISO 9001 company, Sertapak has won numerous environmental and industry awards.

Task Force set to study Ontario's competitiveness and create jobs

Premier Mike Harris and Bob Runciman, Minister of Economic Development and Trade, announced on October 17, 2001 the members of the Task Force on Competitiveness, Productivity and Economic Progress led by Roger Martin, Dean of the Joseph L. Rotman School of Management, University of Toronto.

Joining Martin is a team of blue-ribbon leaders representing a cross-section of Ontario's public and private sectors. Task Force members include: James L. Balsillie, Chairman and Co-Chief Executive Officer of Research in Motion Limited; Timothy D. Dattels, Managing Director, Goldman Sachs; Lisa de Wilde, Canadian Feature Film Policy Group; David Folk, Managing General Partner, Jefferson Partners; Daniel Trefler, Research Associate, Institute for Policy Analysis; Suzanne Fortier, Vice-Principal, Queen's University; Michael L. Gourley, Partner, PricewaterhouseCoopers Consulting; David Johnston, President, University of Waterloo; David Keddle, President, National Compressed Air; Mark Mullins, President, MSG Hedge Corporation; William Orovan, Professor and Chair, Department of Surgery, McMaster University; Timothy H.

Penner, President, Procter & Gamble, Inc.; and Belinda Stronach, Chief Executive Officer and Vice-Chairman, Magna International Inc.

The Task Force, announced in the April 2001 Throne Speech, will measure Ontario's economic competitiveness through five strategic goals: knowledge and skills, innovation culture, strong global orientation, building on industry and regional strengths, and favourable investment climate. The task force will also raise public awareness of the importance of improving our competitiveness and productivity against other provinces and foreign competitors. The long-term benefits will be continued economic growth and prosperity in Ontario.

"This task force is about protecting our economic growth and making sure that even more people will be able to go home and say, 'I got the job,'" said Harris. "This group will help Ontario win jobs globally and keep them locally."

To that end, the interim and final Reports and related analysis contributed by the Task Force will provide vital information to anyone who is interested in Ontario's economic progress. The first Task Force report is expected in spring 2002.



Premier Mike Harris (centre) and MEDT Minister Bob Runciman (far right) with Roger Martin (second from right) and several members of the Task Force on Competitiveness Productivity and Economic Progress.

VIEWPOINT



The horrendous events that occurred in New York and Washington have affected us all. Not only were they unprovoked and merciless acts, they were an assault on the freedom and democracy that all civilized countries hold so dear. People all across Ontario are united in sending their condolences to the American people, and our government has offered

the New York and United States governments our support. Sadly, there were many Ontario families that lost sons, daughters, parents or loved ones in this tragedy. Our thoughts, our prayers, remain with them.

In this issue of the *Ontario Business Report*, we focus on the southwestern region of Ontario. The region's economy is vast and varied. Windsor is focused on the automotive sector, and automotive is important all across southwestern Ontario. Technology is thriving in areas such as Kitchener-Waterloo and London. The chemical industry is strong in Sarnia, and agriculture and tourism are important throughout the entire region.

Everywhere, businesses are moving forward. Several are profiled on these pages, and they reflect all of the sector diversity of the southwest. Recently, I toured the area and experienced this diversity first-hand. I had a welcome opportunity to meet local entrepreneurs and business owners, and speak with industry leaders about both economic issues facing the southwest and about working together to make sure the region remains strong. I assured them that our government would continue to do its part to build a strong economy and create new jobs. And, as we have in the past, we will continue to cut taxes, reduce red tape and remove barriers to growth.

Competitiveness remains important. To this end, we are pleased that a new independent task force led by Roger Martin, one of Canada's leading experts on competitiveness, was established last month. This task force will measure and monitor Ontario's productivity, competitiveness and economic progress. With this expert advice, we will address any gaps and ensure that our province compares well to domestic and international competitors. We must be vigilant to stay ahead.

The southwestern region of Ontario is large, varied and vibrant. Its businesses are innovate and competitive. Its workers are skilled, and are found on the farm, in the research lab, in the auto plant. Its attractions are numerous. And it is indeed reflective of the great diversity and strength that is found in every town, every city and every other region of this province.

Bob Runciman
Minister of Economic Development and Trade

Investing in quality

Steel is steel, you might think, but a look at the operations of The Lake Erie Steel Company in Nanticoke, Ontario tells a different story. While low-cost “mini-mills” and subsidized foreign producers turn out the cheapest product possible, Lake Erie Steel focuses on the high end steel marketplace.

That flawless fender on your new car is likely to have started out on the shores of Lake Erie, at one of the world’s leading producers of high-quality, hot-rolled sheet. Building on its reputation, the company is completing two major capital investment programs totaling \$265 million to boost capacity and product quality.

Lake Erie Steel supplies much of the prime steel used to make the outer body of Chrysler’s LH series of cars built in Brampton, Ontario. Other large customers include manufacturers of wheel rims, propane tanks, and other products which demand top-quality, “interstitial-free” steel.

“We produce a very high-quality product,” says Norm Jamison, the company’s government liaison co-coordinator, “so we target the higher end of the market, where there’s a lot of value added to the steel. Our focus is on the automotive industry, various kinds of pipe, and some other specialty applications.”

Built between 1980-1983 at a cost of \$1.4 billion, Lake Erie Steel is North America’s most recent “greenfield” steel complex. To retain its technological and efficiency advantages, the company embarked on the capital investment program in 1999.

“We invested \$10 million to add a second charging crane in the steel shop,” says Mr. Jamison. “Combine that with other improvements, and our steel-making capacity has grown to 2.2 million tonnes annually. The second phase of the investment program is to upgrade and expand the hot strip mill. We’re adding a lot of the latest production equipment and technology that will enhance our reputation for a very high-quality product. When market conditions pick up, we’ll add even more equipment to expand our hot strip capacity to 4 million tonnes per year.”



Lake Erie Steel is North America’s most recent “greenfield” steel complex, with an annual capacity of 2.3 million tonnes.

A wholly owned division of Stelco Inc., Lake Erie Steel employs about 1400 people at the plant, which occupies 2,500 acres of a 6,000 acre site that also features a woodlot preserve buffer. The plant receives its coal and iron ore pellets on a 4,000 foot dock, designed to have minimum impact on marine life and fish-migration patterns in Lake Erie.

The development of new steel products ensures a steady demand for Lake Erie’s high-quality sheet. Innovation and investment has kept the company at the forefront: more than 70 per cent of the grades of steel it now produces weren’t being

made just 10 years ago. For example, natural gas producers are shipping an increasing amount of “sour” gas that would quickly corrode a conventional pipeline.

“Steel formulations are constantly changing to meet new demands,” says Mr. Jamison. “We’re making steel now that can withstand sour gas. Steel shingles have a 50-year life span. New markets are continually opening up for steel: telephone poles, house framing, roofing, and many other products, so the long-term looks very good for our kind of steel. It’s also very good for the environment. Steel is the most recycled material in the world.”

A Model for Success: Meikle Automation Inc.

Only seven years old, Meikle Automation Inc. is a young company that is growing rapidly, by adhering to a business model and listening to its customers. President and founder, Andrew Meikle, a University of Waterloo engineering graduate, started the Kitchener firm in 1994. Within two years there were 17 employees. Today the company has 150 employees and forecasts annual sales of \$25 million.

Meikle attributes the company's exceptional growth to its customers. "Most of our customers are repeat. They ask for more equipment and bigger lines. It's been a case of satisfying the customers we have."

The company designs, builds and services full factory automation solutions including robotics, assembly, manufacturing, testing, welding and material handling systems. Customers are in the automotive, telecommunications, computer and peripherals, healthcare, and general manufacturing industries.

One area that holds potential for future growth is in photonics and fibre optics.

Last year Meikle Automation was awarded their first purchase order to design and build a high precision, vision-guided, automated assembly and bonding system in the fibre optics industry.

"The photonics industry is really young, so we've been growing along with the industry. We expect to see long term growth. Photonics is going to replace a lot of the electrical devices we use on a day-to-day basis." Fully optical computers is one example Meikle cites as being under development right now.

Another of Meikle's newest projects is for I-Stat in Ottawa. "We're conducting super high-accuracy visual inspection of full wafer silicon chips on a very thin film frame. We're checking for defects at a very high speed. The pieces will be used in semi-conductors. It's a leading edge project."



Andrew Meikle, President of Meikle Automation Inc.

Meikle Automation is headquartered at three locations in Kitchener. Its two manufacturing facilities of 3,000 and 10,000 sq.ft., opened in 2000. Meikle's plan to grow the company is based on a model that has proven successful in other industries.

Traditionally, our industry has been very fragmented. There are a lot of shops that expand to a certain size and then have

problems. I found what works in our industry is an organization that can handle large assemblies and is still small enough that the customer knows all the people working on the lines."

Meikle will replicate this business model as the company grows. He predicts that within six years the company will have five plants totalling 150,000 sq. ft. for production and 400 employees.

He is equally proud of the company's achievements in research and development. "We showed a machine at the National Fibre Optics Engineers Convention in Baltimore. We had people lined up six deep in our booth to watch our demonstrations and came away with a lot of interested companies."

Marketing Meikle Automation globally is viewed as a strategy for success. A new look was recently unveiled to reflect the company's high-tech focus on the photonics, semi-conductor and medical markets. For the company, it represents moving forward with technology and its global focus.

"We export more than 50 per cent of our products. We're growing in the southern U.S. In Mexico we're doing about \$5 million in automotive, but we're pushing for electronics business there right now."

With Meikle Automation growing at about 100 percent per year, the business model and growth strategy appear as focused as their automation solutions.



Destination marketing boosts tourism

“Southern Ontario is an extremely dynamic area with everything from casinos, to outdoor adventure, to major theatres,” says Peter McFadden, President and CEO of the Southern Ontario Tourism Organization (SOTO). “It has a wealth of attractions to offer the visitor.” SOTO is an industry-led tourism association that represents members from Niagara to Windsor to Tobermory, and all points in between.

“This area is the most significant domestic travel destination in all of Canada in terms of visitations,” says McFadden. More than 32 million Canadians visited southern Ontario this past summer alone, accounting for a significant amount of the \$14 billion spent each year across the province by tourists. But far from resting on its laurels, the area works hard to attract more and more people.

Communities promote tourism through a network of Destination Marketing Organizations (DMOs) composed up of municipal and private sector partners who work directly with SOTO and the Ontario Tourism Marketing Partnership. There are 102 DMOs in Southern Ontario, representing about 2500 significant tourism experiences and services. About one-third of the DMOs are tourism industry leaders with sophisticated marketing programs, and full-time staff. The other DMOs are

community-based, and include Chambers of Commerce and local tourism bureaus. They work with smaller tourism operators to raise their profile in the market, and with larger operators to help maximize individual efforts.

“In Niagara tourism is the dominant industry. The rest of the southwestern region has quite a diverse economy, with tourism being only one important part,” says McFadden. “Unquestionably, our tourism market benefits by being a reasonable travel distance from major centres such as Toronto.” People who want to visit southwestern Ontario can contact any DMO for assistance as they plan their trip. They will receive professional attention from someone who knows the immediate vicinity well, and can refer them to quality attractions, events and accommodations, provide directions and other information.

For a list of DMOs, and information about tourism experiences available throughout the southwestern region, visit www.southernontario.org or call SOTO at 1 800 267-3399 ext 41.



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Southwestern Ontario: Snapshot of economic growth and development

understanding of the economic issues facing the area. “It’s important to meet people on the frontlines of business to get a first-hand look at what’s going on,” Runciman said. “Our government listens to the concerns and ideas of business leaders. This helps us take the actions needed to encourage economic development and job creation.”

The Ontario Government has invested in several projects in Southwestern Ontario to help encourage economic development and growth. Recently, through the Healthy Futures for Ontario Agriculture program, the province announced it would invest \$1.25 million in a project to

improve packaging for ketchup produced for the North American Market. This project will allow the H.J. Heinz Company to implement innovative processing equipment in its Leamington plant and convert bulk packaging to recyclable plastic containers from traditional cans. The project partners expect a large increase in sales when the new container is introduced to the market, meaning a substantial increase in the amount of tomatoes Ontario growers will supply to Heinz.

Also, the government recently announced that through its Strategic Skills Investment program, it would invest \$1.5 million in The James Burgess Metal

Trades Training Centre located in Wallaceburg. The government has joined St. Clair College, and 17 industry partners in a project to expand and modernize the existing facility. “There is a critical shortage of tool and die makers and skilled workers in all precision metal trades,” says Marjory Overholt, Program Advisor for Strategic Skills Investment program with the Ministry of Economic Development and Trade. “The industry partners have identified the need and strongly supported this training initiative for skilled workers.” This project will help increase the number of Training Centre graduates skilled in metal trades to 240 annually.

Technology thrives in Southwestern Ontario

Southwestern Ontario is home to some of the world's most sophisticated technology companies. High-tech clusters have developed, attracting both major international corporations and entrepreneurial firms that are developing new products and services for global markets.

The London High Technology Association (LHTA) was established about 15 years ago to champion the growth of London's high-tech sector. It provides networking opportunities, educational sessions and is a voice for technology in the area. Membership comprises the

biotech, IT, and advanced manufacturing sectors as well as service providers.

"It's a very exciting time for the LHTA," says Maureen Morton, Chair of the Board of the London High Technology Association. "London is percolating. The industry is increasingly aware that London offers access to skilled workers through local universities and colleges. It is very accessible in terms of location and its distribution network. It has a solid telecommunications infrastructure, incredible R&D facilities and a great quality of life."

The London Economic Development Corporation estimates there are 300 IT and IT-related companies in the area, with 25 new IT firms established in London since 1999. The city also has more than 500 advanced manufacturing firms and 75 biotech companies. The London Biotechnology Commercialization Centre, in which the Ontario government has

The economic diversity of the Southwestern region of Ontario is reflected below:

Haldimand and Norfolk Counties

- Haldimand and Norfolk represent one of the most important agricultural areas in the province. New crops include botanical and herbal crops, popcorn, vineyards and pecans. About 60 per cent of the national production of ginseng is grown in these counties.

Guelph/Wellington County

- Economic development in Guelph is focusing on the agri-food industry. Guelph is being actively marketed as a "biotechnology" cluster, emphasizing the agricultural expertise within the University of Guelph's Research Park.

Brantford/Brant County

- Brantford has been experiencing explosive industrial and commercial growth, mainly attributed to the completion of Highway 403. Over the last two years, more than 2,000 new jobs have been created in the industrial and commercial areas.

Kitchener/Waterloo and Cambridge

- The Cities of Kitchener and Waterloo and the Region of Waterloo, together with the City of Cambridge, are members of Canada's Technology Triangle. The technological sector remains well positioned for growth through high-tech businesses, their spin-offs and the strengthening of the universities.
- Kitchener and Cambridge also have significant ties to the automotive industry and traditional manufacturing.

London

- The City of London's medical, clinical trial and research and development facilities are among the finest in Canada. More than \$80 million is spent annually on research in the health sector in London institutions. Areas of expertise include biomedical, medical devices and information technology related to biotechnology applications.
- GM Diesel and 3M Canada each have a major presence in London. The auto parts industry and a strong and growing inbound "call centre" sector are also important.

Sarnia-Lambton

- While there has been a petroleum industry in the Sarnia area since the mid-1800s, the establishment of the Polymer Corporation in 1942 to manufacture synthetic rubber during World War II was the first step in establishing Sarnia as a major petrochemical centre.
- Products include refining crude oil into fuels and lubricants, and the development of specialty chemicals, plastics and other feedstocks.
- The Sarnia economy has begun to diversify, and has welcomed recent investments by the auto-parts company UBE and the gaming industry.

County of Oxford

- Agriculture is big business in Oxford County and is well supported by local manufacturers of farm inputs, farm machinery outlets and food processors.

Windsor/Essex

- Windsor is Canada's automotive capital, poised for continued dominance in the province's automotive and broader industrial sector. It is also the mold-making capital of North America. The influence of agricultural operations on the economy in Essex County is very strong.
- Windsor-Essex is the international gateway to Canada, strategically located one mile from Detroit and from Ontario's largest trading partner, Michigan.

Chatham-Kent

- Located in the heart of Southwestern Ontario, Chatham-Kent is home to business leaders such as Union Gas, Siemens, International Truck and Engine Corporation and Sprint Canada. Agriculture is a dominant industry throughout Chatham-Kent.

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Symposium: Regional Collaborations

If you are involved in economic or tourism development, this is one event you won't want to miss. The Western Region Economic Development Symposium 2001 will focus on proven methods of building regional economic development collaborations.

Regional Collaborations:

Managing Change to Build Prosperity

Waterloo Inn & Conference Centre
November 29, 2001

Featuring Keynote Speaker,
Global Economic Strategist,
Dr. Sherry Cooper.

Contact Edwina
Timms (MEDT)
1 800 265-2428

Product quality keeps mold maker at the top of auto supplier's lists

Quality is definitely “job one” at Lamko Tool and Mold Inc. The London, Ontario company has taken the old Ford Motor Company slogan to heart, and earned repeat business from customers who demand the best.

Lamko builds the molds that are used by auto industry suppliers to produce a variety of plastic parts, from interior panels to parts for heating and air conditioning systems. Lamko started out as a small family company in 1978, and has grown to become a “Tier One” supplier to Ford, GM and many other automakers. Today, it employs 120 people in a 24-hour, seven days a week operation.

“The Lam brothers are moldmakers themselves, so the company has always operated with a great deal of attention to detail and quality,” says Paul Van Meerbergen, Lamko’s Business Development Manager. “Our customers recognize this.”

Lamko has 35 certified mold makers working at its London plant, complemented by highly trained machinists and support staff. Their focus on quality has paid off as the company has grown. Lamko was one of the first mold making facilities to receive the ISO 9001 and QS 9000 certifications. In 1998, the company was the first mold making operation anywhere to earn the Ford Motor Company’s prestigious Q1 Award.

“Typically, we’re working on a mold for a vehicle model that’s two or three years away,” says Mr. Van Meerbergen. “We work with the manufacturer on the part’s design to ensure that it’s feasible. Then we go to a price quote stage, start the design process and build the mold.”

That design and build process takes from 16 to 24 weeks. Molds are designed and produced using the latest CAD/CAM systems.

“Even with all the CAD/CAM automation, you still need an experienced mold maker to oversee production,” notes Mr. Van Meerbergen. “At Lamko, the mold maker is the general manager of production for his mold.”

Lamko exports about 90 per cent of its production, with about 30 per cent going to customers outside North America. Export marketing is done through a combination of direct sales, agents, and joint ventures with larger companies.

“We’ve been exporting molds for about 15 years,” says Mr. Van Meerbergen. “The offshore export sector is growing quickly, and we’re pursuing it. We’ve just made a sale for molds to produce interior parts for Mercedes Truck in Brazil, and we are working on a 14 mold order for Ford in Turkey.”

Lamko’s location in London offers several key advantages, including easy access to auto sector markets and a good source of skilled labour from Fanshawe College. Ontario Minister of Economic Development and Trade Robert Runciman visited Lamko during a tour of southwestern Ontario this summer.

“We’ve had good support from MEDT,” says Mr. Van Meerbergen, “especially in the export area. We’ve had some very useful information from Ontario Exports Inc., and we’re going on a trade mission they have coming up for the plastics sector.”

In, London Ontario, on his recent tour through Southwestern Ontario, MEDT Minister Bob Runciman, toured Lamko Tool and Mold Inc. with owner Ken Lam (left) and Paul Van Meerbergen, Lamko’s Business Development Manager (right).



Comptank: Challenging the status quo

Ever wonder what's in those tanker trucks beside you on the highway? Some of them may contain hazardous waste being transported for treatment. Keeping those materials safely contained in the tanker is a challenge at the best of times, and accidents on the highway are a constant threat. Is it possible that there is a better and safer way to transport the hazardous wastes produced by our industrial economy?

An American inventor found a better way about 20 years ago, but couldn't convince investors to back his idea. Instead of using the traditional steel tank to transport hazardous waste, why not take advantage of the properties of Fibreglass Reinforced Plastic (FRP) and other new composite materials? Unfortunately, many brilliant inventors aren't the best business people. Enter Harold Marcus Limited, a long-established Ontario tank truck service company in Bothwell, Ontario.

"We came across the technology in California in 1985," says Andy Faulds, a company partner and Comptank's Operations Manager. "We were buying a tank trailer for the Marcus fleet, and met a fellow who had patented a design for a trailer. At that time, it was simply revolutionary to even think of hauling hazardous waste in an FRP tank. But we saw that his thinking was sound, so we bought him out, and brought the prototype here."

Mr. Faulds and his partners definitely knew how to run a trucking company, but manufacturing was a whole new game. Undaunted, they hired the tank's inventor to help them set up production, leased a local building, and started work on their first tanker. Comptank was in business.

"We had absolutely no manufacturing experience, and it's a very complex product," he says. "We had to build everything we needed for production ourselves. But we had faith in the concept, and it paid off."

Comptank's first year in business saw seven tankers delivered, with production later reaching a peak of four units per month. Naturally, Harold Marcus Limited was Comptank's first customer, providing a working example of the new tanker in action.

"A carbon steel tank is the status quo for hauling hazardous waste and aggressive chemicals," says Mr. Faulds. "Our tanks are four times stronger, lighter and more resilient than steel, and we demonstrated

that with the Marcus fleet. They're more expensive than steel, but they are also more durable and provide greater safety. Clients have written us testimonials about well the tanks have held up in an accident."

Comptank's tank trailers are now in use across North America, offering trucking companies a higher degree of safety and long-term performance than their steel competition. Most of the company's sales are to U.S. firms, although Herbert Marcus Limited now has 30 of the units in its own fleet.

"We've proven the concept and the product," says Mr. Faulds. "It takes a long time to prove a new material, and we're still working together with our composite suppliers and their R&D people to improve the product even further."

With its product's capabilities firmly established, Comptank is now looking to new markets to increase sales. The

company was recently approached by a British tank trailer manufacturer to discuss a possible joint venture. Comptank is also looking at new markets in China, the Middle East and continental Europe.

"Parts of the space shuttle aircraft are made of composites," says Mr. Faulds. "They are definitely a material whose time has come."



Comptank's FRP tanks keep hazardous wastes where they belong: inside the tank.

First Nations Develop Industrial Park in Sarnia

The Chippewa Industrial Park is creating employment, training and entrepreneurial opportunities for the Aamjiwnaang First Nation (formerly the Chippewa of Sarnia). It is a well-located industrial park found in the heart of the major oil refinery valley in Sarnia, with easy access to major transportation routes and the U.S.-Canada border.

"The original concept of the industrial park came in the early 70s when the band recognized the enormous economic opportunity we have because of our location," says Tom Maness, General Manager of the Chippewa Industrial Development. Today, Phase I is in full swing. There are 17 industrial and commercial tenants that, together, employ more than 300 workers and operate on 35 fully matured acres. Tenants include Philip Services, ARI Fleet Services of Canada and Norspec Filtration Ltd. Phase II is currently under development and will open up another 200 acres. The entire industrial area consists of approximately 400 acres, to be developed in five phases.

"Currently, about 80 band members have full-time employment with businesses in the park or are taking part in training opportunities with long-term employment goals," says Maness. "Seasonal construction and maintenance jobs, and spin-off entrepreneurial opportunities are also important benefits." A First-Nation owned restaurant and gas bar is just one local entrepreneurial success story.

"Alongside creating employment opportunities for First Nations people, a primary goal was always to create an environment that would allow us to actively participate in the mainstream economy," says Maness. "This is happening. Through the park, we're a strong contributor to Sarnia's local economy. And we are building a more solid economic base, which will fuel future growth and self-sufficiency."

The Aamjiwnaang First Nation is also actively working on forging business ties with native entrepreneurs south of the border. Maness says, "Buying and selling goods and services with our counterparts across the border would take our economic goals to the next level."

Partnership re-energizes Bruce power stations

Ontario's Bruce nuclear power stations have a bright future, thanks to a public/private sector joint venture signed this past summer. A brand new company, Bruce Power, has taken over operation of the plants from Ontario Power Generation (OPG) in a \$3.2 billion transaction. The deal includes an initial payment of \$625 million to the Ontario government, as well as annual lease payments, estimated at about \$150 million (Cdn) in 2002.

Bruce Power is a partnership among British Energy, the UK's largest electricity generator, Cameco Corporation, the world's largest uranium fuel supplier, and the two main unions on the Bruce site, the Power Workers' Union and The Society of Energy Professionals. The four operating nuclear reactors at Bruce B can provide enough electricity for the residents and industrial use of a city the size of Toronto. The four Bruce A nuclear reactors are currently in 'lay-up' state.

"We are bringing 1500 mW of extra power onto the market, which amounts to about 15 per cent of Ontario's generating capacity," says Duncan Hawthorne,

Chief Executive Officer of Bruce Power. "That brings more competition to the market. Our lease also provides other benefits to the province based on our performance and market prices. So the province will continue to share in the upscale performance of the site."

Since the Bruce nuclear generating stations were originally part of the mammoth OPG, establishing Bruce Power as a new company demanded careful planning and execution. Along with the physical operations, about 3,000 employees transferred from OPG to Bruce Power, maintaining collective bargaining agreements, pensions and benefits.

"We had to carve this nuclear site out of a large corporation," says Mr. Hawthorne. "The challenges were to create complete functionality on site. There was also technology transfer to



Duncan Hawthorne, CEO of Bruce Power

deal with. OPG has been very co-operative through the transition, and it's all gone very smoothly."

Safety remains the operation's number one priority, notes Dennis Fry, Power Workers' Union Executive Board member and the union's representative on the Bruce Power Board of Directors.

"Based on the principles of 'Safety First' and employee empowerment that we share with Bruce Power, we are looking for-

ward to working with our partners to make it both a business and employment success," he says.

The creation of Bruce Power has already had a marked effect on the local economy. More than 400 jobs that were scheduled to be moved to other areas within OPG have been saved, and 200 new jobs will be created this year. If the idle Bruce A reactor is brought back

on stream as planned, local contractors and suppliers are guaranteed a portion of the work.

"We've had tremendous support from the local community," says Mr. Hawthorne, a native of Scotland who says he feels right at home in Kincardine, Ontario. "I believe that this joint venture formula we're using here at Bruce, with the participation of the unions and suppliers, could be used successfully in other locations as well."

Ontario Minister of Energy, Science and Technology Jim Wilson notes that the partnership also has the potential to bring back some of the idled capacity at the Bruce A facility.

"This would further increase the amount of electricity the plant produces, create even more new job opportunities locally, and increase the supply of clean electricity," says Mr. Wilson. "This is a good deal for the province and a good deal for taxpayers and electricity customers."



Aerial view of the Bruce nuclear power stations near Kincardine, recently taken over by Bruce Power.

Act locally, compete globally

A group of Ontario manufacturers and exporters is giving new meaning to the phrase “global village.” Taking advantage of its members’ collective strengths, the Excellence in Manufacturing Consortium (EMC) provides Ontario’s “small-town” manufacturing sector with the clout it needs to compete in world markets.

“We’re proving that Ontario’s small-town manufacturers can compete and win in the global marketplace,” says Al Diggins, EMC’s President and General Manager. “All of our members are globally competitive, and they produce a wide variety of products and services. Our partnership is unique in North America.”

Established just four years ago with 12 original members in Owen Sound, EMC’s membership roster has mushroomed to over 300 manufacturers in more than 20 rural communities in Ontario.

The not-for-profit association lets non-competing member companies share valuable information and resources, and provides a single point of contact for government partners at both MEDT and the Ontario Ministry of Agriculture, Food and Rural Affairs. (OMAFRA)

“We’ve also formed strategic alliances with the Canadian Manufacturers & Exporters Association, the Association for Manufacturing Excellence, and other groups,” says Diggins. “We’re building ‘win-win’ alliances with other key organizations, and the goal is to bring the best possible service to our rural manufacturers.”

The other key benefit EMC offers to its rural members is access to a sophisti-

cated “Knowledge Network” that puts them in the same league as their competitors.

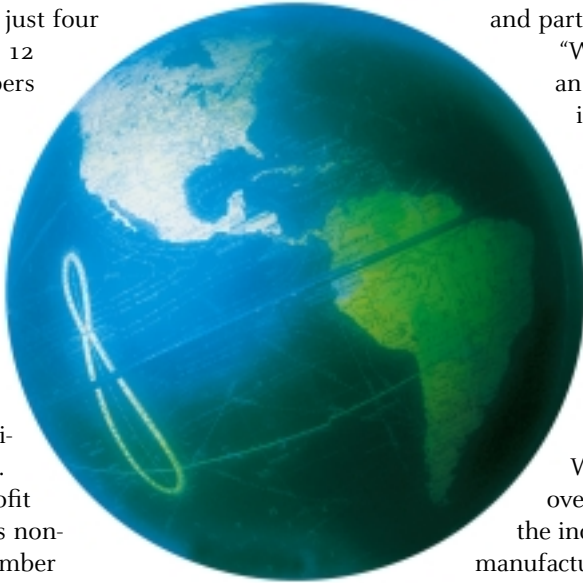
“We offer a great resource for achieving “word-class” status,” says Diggins. “Our members draw on and also contribute to an extensive network of knowledge. They can quickly get the answers they need to help meet new challenges, whether in marketing, manufacturing, shipping, new export markets. Everyone gets the benefit of the entire group’s knowledge and experience.”

EMC uses information technology to achieve many of its goals. As Diggins explains, the group is using a business-to-business strategy to manage the tremendous amount of diverse information its members and partners need.

“We’ve developed an extensive industry database and the Web makes it accessible to everyone,” added Diggins. This year alone, we had over 47,000 new visitors on our Web site, and over 30 per cent of the inquiries are from manufacturers in the United States.”

Training is another priority. In its short history, EMC has sourced or provided training for more than 10,000 of its members’ employees in communities throughout Ontario. More than 35 per cent of the training program’s participants are rural youth who have been targeted for training assistance.

“We save time and money for a lot of programs,” says Diggins. “By partnering with us, the Province of Ontario is able to respond to every rural community’s unique industrial requirements, without having to always create new programs to meet each small town’s individual needs.”



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Technology thrives

invested through its SuperBuild initiative (and for which ground was broken this summer), has also been established to support the development of additional biotech firms and to help move research out of the lab and into the marketplace.

LHTA is currently working towards creating an alliance with local sector groups including the Biotech London Council, the IT London Council and the London Venture Group. “This alliance, once established, would be a very strong voice for the technology sector in London,” says Morton.

Canada’s Technology Triangle (CTT) shares in this promise. One of Canada’s fastest growing economic regions, it comprises the cities of Kitchener, Cambridge, Waterloo, and the Region of Waterloo – an area that accounts for approximately five per cent of Ontario’s total economic output.

Recently, this longstanding alliance was formalized and regional economic organization of CTT was incorporated and mandated to aggressively promote the area domestically and internationally. “We work to attract new companies, talented people and general investment to the area,” says Jennifer King, Director of Marketing and Communications for CTT. “We also conduct innovative research that helps us identify our strengths and ensure we address any impediments to growth.”

The high-tech cluster is of fundamental importance throughout CCT. IT created about 45 per cent of growth in 1999, and remains the growth leader. Other clusters include automotive, advanced manufacturing and business services. “Our diversity has served us well,” says King. “There are many interesting synergies taking place between, for example, high-tech and advanced manufacturing as they share R&D and work closely together. It all encourages economic growth and new jobs.”

Recent research has shown that businesses throughout CTT export \$8.9 billion in manufactured goods annually. CTT is working with local companies to help them build on this success and increase exposure to new export markets, with particular emphasis on European markets.

- London High Technology Association (www.lhta.on.ca)
- Canada’s Technology Triangle (www.techtriangle.com)

IBM gives new Markham lab a global mission

Markham, Ontario's reputation as a high-tech hotbed has taken another step forward with the grand opening of the IBM Software Solutions Laboratory this fall. IBM has given the new lab global product missions for database development, electronic commerce, application development, and business development tools. Located in a park-like setting near Highway 407, the state-of-the-art facility houses 2,500 software developers, engineers and support staff.

John Thompson, an Ontario native who oversees IBM's worldwide business and technology strategy, noted the advantages the company found in making this major investment in Ontario. As Vice Chairman of the Board, Mr. Thompson is responsible for identifying and cultivating major growth initiatives for IBM Corporation.

"IBM Canada is central to our global success," he said, speaking at the lab's grand opening in September 2001. "IBM focused on software very early on in Canada, and this new lab is a direct result



Management Board of Cabinet Chair Dave Tsubouchi chats with an employee at the recent opening of the IBM Software Solutions Laboratory in Markham

of Canada becoming a software power. We have attracted talent from around the world, and now we have a great facility that will attract even more talent."

IBM's first Toronto software lab opened in 1967, with 55 employees. Until the new building opened this fall, IBM Canada's software developers worked in three separate locations in the Greater Toronto Area. They are a productive group: last year alone, IBM's Toronto software developers received 16 software patents.

The new lab, which was originally designed to house 2,000 employees, consolidates IBM Canada's software development team with 2,500 employees at one facility. The scenic 88-acre site has been recognized by the Wildlife Habitat Council for wildlife preservation efforts, and also offers room for further expansion.

"We've had great cooperation from governments at all levels in Canada," said Ed Kilroy, President, IBM Canada Ltd. "and that's helped our Canadian operations thrive and compete on a global basis. And the Ontario government has continued its support of R&D, as it clearly showed in the last budget."

R&D is what the IBM lab does, and expansion is likely. IBM Canada is now responsible for one-quarter of the entire company's US\$12.6 billion in software revenues, and the new lab provides an environment that promises to boost that figure.

Wireless technology lets software developers work virtually anywhere in the building, which features bistros

and cafes, "oasis" areas, games rooms, a fitness centre, and on-site childcare.

The lab also houses an applied research institute. The Centre for Advanced Studies (CAS) will serve as a model for cooperative research among industry, academia and government. The first of its kind in the software industry, CAS will transform advanced research into strategic software products for IBM.

David Tsubouchi, Chair of the Management Board of Cabinet and MPP for Markham, welcomed IBM's investment on behalf of the Ontario Government.

"I am very proud that Ontario was chosen as the site for this state-of-the-art facility," he said. "Markham has become a major technology hub, and these are exactly the type of jobs that we want here in the province, promoting economic growth."

THE ONTARIO BUSINESS REPORT

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We want to hear from you.

Comments and contributions are welcomed.
Please write us by mail, fax or e-mail.



IBM's new software lab in Markham, Ontario houses 2,500 employees on an 88-acre campus designed for expansion.



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