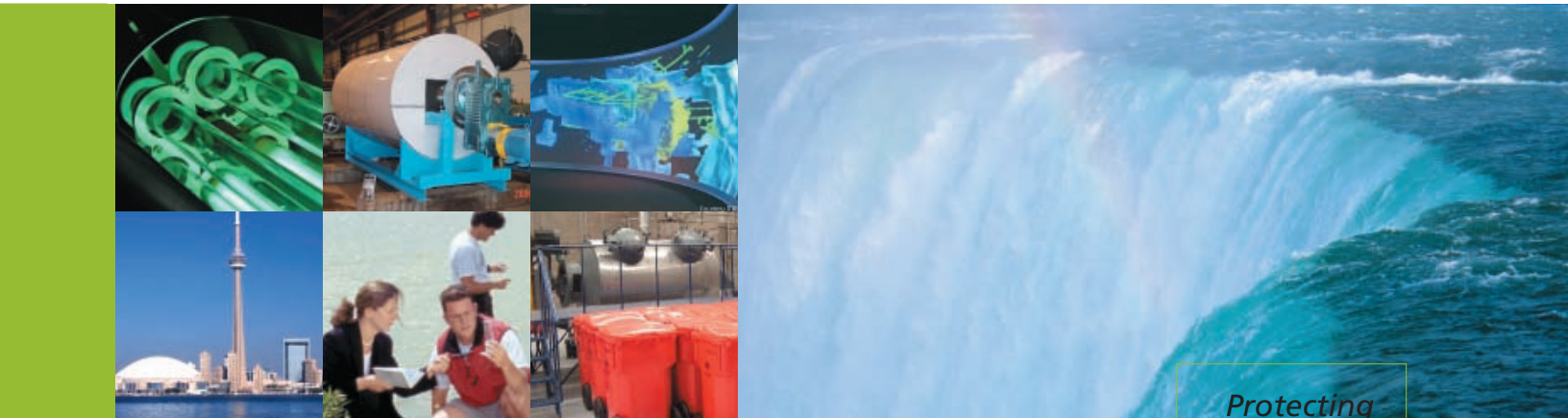


Ontario's

Environment Industry



*Protecting
the
Future*



O
N
T
A
R
I
O

Ontario's Innovation Corridor

Stretching from Windsor to Ottawa and into Northern Ontario, our innovation corridor boasts thousands of world-leading companies that collaborate with more than 150 research centres to speed new discoveries and processes from the lab to the marketplace.



Every effort has been made to ensure the accuracy of the information in this publication at the time of printing. However, the programs referred to and the data cited are subject to change.

All figures are in US dollars unless otherwise noted. The exchange rates used are based on Bank of Canada annual averages.

Cdn\$1.00 = US\$0.826 (2005)
Cdn\$1.00 = US\$0.763 (2004)



Ontario's

Environment Industry

Contents

Environmental products and services: the business case for Ontario	2
A superior workforce	4
An innovative environment	6
A positive business climate	9
Market access	11
We can help	



Environmental products and services:

the **Business Case** for Ontario

If you're in the environment industry or looking to source environmental products or services, here's what you need to know about Ontario.

The province's environment industry has a well-deserved reputation for innovative technologies and services across a broad range of sub-sectors including:

- water and wastewater treatment
- industrial and hazardous waste treatment
- solid waste management and recycling
- air pollution monitoring and control
- instrumentation and monitoring equipment
- environmental software and consulting services
- site remediation and brownfield redevelopment
- energy conservation.

For an extensive list of suppliers, please visit:
www.envirodirectory.on.ca

Our industry:

- benefits from Ontario's advanced environmental regulations
- is experienced at helping companies and communities around the world solve their environmental problems.

Ontario is home to more than 2,400 flourishing companies that include world leaders like **Conserval Engineering, GreenWare Environmental Systems, RWDI AIR, Shred-Tech, Trojan Technologies, Wardrop Engineering and Zenon Environmental.**

They're here because the province gives them what they need to flourish:

- a steady supply of smart, skilled workers
- an environment that fosters innovation
- a positive investment climate
- access to the NAFTA (North American Free Trade Agreement) market, which allows products with 62.5% Canadian content to enter the U.S. and Mexican markets duty-free.

So if you want to purchase environmental products or services, locate or expand your business or conduct leading-edge environmental R&D, look to Ontario.

We have the skills, technologies and international experience to help you succeed.

Shred-Tech Corp.

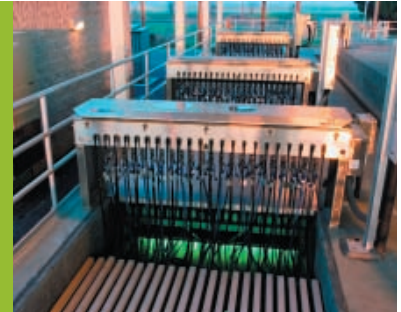
"Ontario is an ideal location for leading-edge environment companies like ours. R&D is at the heart of our success and Ontario's focus on innovation—particularly its generous tax credits and government programs—has helped us become the North American leader in environmentally friendly reduction and recycling systems. Ontario is also a hotbed for talented engineers, who fuel our R&D efforts, and skilled trades people, who help us produce superior machinery and systems. Finally, Ontario provides us with market access and that's vital for our geographic expansion."

ROB GLASS, CEO, SHRED-TECH CORP.

SPOTLIGHT

Trojan Technologies

is a true Ontario success story.



Established in London, Ontario in 1976, the company began with a small, UV (ultra violet) treatment unit for homeowners to purify their drinking water.

Today, Trojan is a world leader in water treatment solutions in five key markets: municipal drinking water, wastewater disinfection, environmental contaminant treatment, industrial/commercial water treatment and consumer water purification systems. The company has thousands of systems in operation all over the world, treating over 17 billion gallons of water a day. Purchased by Washington, D.C.-based Danaher in 2004—a move that will help Trojan rapidly expand its business in China—the company attributes its success to its focus on innovation. "Ontario has been a great home for us," says Trojan President Marvin DeVries. "The company was able to leverage government grants for the development of innovative technologies. Being located in Ontario also gives us access to world-class talent coming out of Ontario universities and from abroad." DeVries adds, "We're able to keep them because London is a great community to live and do business in."

Fast Fact

With strengths in specialized technologies and systems implementation, Ontario firms account for more than 40% of Canada's environmental revenues.



A Superior Workforce

Developing and producing innovative environmental products, systems and services demands highly educated workers—and ours are among the best in the world.

What's more, we produce a steady stream of industry-ready workers, thanks to progressive immigration policies that attract talent from all over the world and a well-established education infrastructure that includes:

- 44 universities and colleges with thousands of students enrolled in degree and certificate programs in environmental, chemical, civil, computer and systems engineering, environmental science, earth sciences, biology and geography
- an extensive and focused apprenticeship program and co-op training network
- industry participation in shaping programs.

As well, Ontario's 62,000 environment industry workers are:

- dependable—on average, they stay with a company for eight years
- experienced in international environment regulations.

Senes

"The success of an environmental consulting firm like ours depends on the quality of our employees. We've become the choice of both industry and government around the world because our consultants are second to none. They are graduates of our first-class Ontario universities and are well trained, committed and experienced in international business. And because we also collaborate with Ontario universities on projects and participate in co-op programs, we're able to recruit the cream of the crop, while giving students valuable experience in real-life problem solving."

MURALI GANAPATHY, ASSOCIATE PARTNER, SENES CONSULTANTS LTD.

SPOTLIGHT

GreenWare Environmentals



The pressure is on for governments worldwide to introduce and enforce tougher environmental regulations, and GreenWare Environmental Systems couldn't be happier about it.

The Toronto-based company is a leading provider of environmental software that enables corporations and governments to track and manage regulatory, EMS (environment management system), greenhouse gas, auditing and performance data. And because the software can be integrated with existing information systems, it's easy and cost-effective to implement. GreenWare's fans come from a range of industries and include companies like British Petroleum, Dell Computer, Dupont, Epson, Nike, Novartis Pharmaceutical, Toshiba International, and the U.S. EPA (Environmental Protection Agency). "Toronto is a great location for us," says GreenWare COO Glenna Ford, who notes that 50% of the company's business comes from outside Canada. "The city has the reputation as a software powerhouse and the intellectual capital available here is unparalleled. Our employees come from Ontario's universities and colleges and from around the world." She adds, "Keeping them isn't a problem either because Toronto is a wonderful place to live."

Fast Fact

Ontario colleges and universities produce more than 29,000 graduates a year in mathematics, engineering and science.



an Innovative Environment

Research and testing are essential for the successful development and production of new technologies and products.

Ontario companies have become world leaders in a number of specialized environmental areas, thanks in part to the province's exceptional R&D advantage, which includes leading minds, world-class research centres that know how to work with industry, and one of the best R&D tax credit programs to be found anywhere.

Our R&D infrastructure includes:

- thousands of talented researchers at our university and college research centres, as well as hundreds more at research facilities operated by the province's environment companies
- Earth and Environmental Technologies (ETech), a division of Ontario Centres of Excellence Inc., which works with industry, university and college research

centres to move new products and technologies from the lab to the marketplace

- Ontario Centre for Environmental Technology Advancement (OCETA), a private sector, not-for-profit corporation which provides business services to entrepreneurs, start-up companies and SMEs (small and medium-size enterprises) to help commercialize new environmental technologies
- National Research Council's Industrial Research Assistance Program (NRC-IRAP), that helps SMEs develop and exploit technology
- ETV Canada, which manages the Environmental Technology Verification Program to ensure that environmental technologies and assessment claims are valid, credible and supported by quality independent test data and information.

Fast Fact

In Ontario, the definition of R&D includes new product development and the development of new or improved materials and manufacturing process improvements.

We also offer some of the most generous R&D incentives in the world.

- Companies conducting R&D in Ontario earn a tax credit on every dollar they spend on eligible R&D, including capital equipment and overhead, neither of which is covered in the U.S.
- R&D deductions can be carried forward indefinitely.
- An Ontario corporation can claim R&D tax credits even if its R&D costs are covered, in whole or in part, by a foreign corporation or government.

Ontario is serious about commercializing its groundbreaking science. There are incubators, research parks and technology transfer offices throughout the province. And the Ontario government has committed \$63 million (Cdn) over four years

to help public research institutions and researchers attract pre-seed and seed money.

And when it comes to intellectual property ownership, we offer flexible, company-oriented terms that let companies acquire the rights to intellectual property developed at one of our public research centres.

MORE COSTS QUALIFY FOR TAX CREDITS IN ONTARIO

	Ontario	United States
Wages and salaries	√	√
Capital equipment	√	
Materials	√	√
Overhead	√	
Contract expenses	√	65% to 75%

SMALL AND MEDIUM-SIZED MANUFACTURERS¹ (public, private or foreign-owned)

	R&D Expenditures	R&D Expenditures at eligible Ontario research institutes ²	Non-R&D Expenditures
Gross expenditure	\$ 100.00	\$ 100.00	\$ 100.00
Ontario – 10% OITC ³	(10.00)	(10.00)	
Ontario – 20% OBRI Tax Credit ⁴		(20.00)	
Federal investment tax credit – 20%	(18.00)	(14.00)	
Tax deduction ⁵	\$ 72 x 34.12%		
	\$ 56 x 34.12%	(19.11)	
	\$ 100 x 34.12%		(34.12)
Ontario exemption of federal investment tax credit			
Tax deduction ³	\$ 18 x 12.0%		
	\$ 14 x 12.0%	(1.68)	
After-tax cost of \$100 expenditure	\$ 45.27	\$ 35.21	\$ 65.88

Notes:

¹ For Ontario Innovation Tax Credit (OITC) purposes, small and medium-sized companies have taxable income of less than \$500,000 and taxable capital of less than \$50 million.

² Eligible Ontario research institutes include universities, colleges of applied arts and technology, research hospitals and other entities in Ontario.

³ The 10% refundable Ontario Innovation Tax Credit (OITC).

⁴ The 20% refundable Ontario Business-Research Institute Tax Credit (OBRICT).

⁵ Tax rates for manufacturers: Federal 22.12% plus Ontario 12.0% = **Total 34.12%**.

Waterloo Biofilter Systems

“Ontario is fertile territory for innovative environment companies like ours, which is a leader in residential and commercial-scale wastewater treatment. The government is committed to commercializing technology that’s developed here, and it offers excellent R&D tax credits, as well as funding and technology transfer assistance to universities and companies through various programs. The universities, in turn, encourage entrepreneurship by enabling researchers to retain ownership of technologies they’ve developed. It’s a virtuous cycle that’s established Ontario as a leader in specialized environmental technologies.”

CRAIG JOWETT, PRESIDENT, WATERLOO BIOFILTER SYSTEMS

SPOTLIGHT

Ontario Centres of Excellence Inc. – ETech



Ontario’s environment industry is gaining a worldwide reputation for its innovative technologies, products and systems, thanks in part, to Earth Sciences and Technologies (ETech).

A division of Ontario Centres of Excellence Inc., ETech promotes partnerships between industry and academic researchers in order to commercialize innovative technology in areas like resource management, clean water technologies and sustainable energy solutions—and it’s highly successful at it. Established in 1987, ETech has helped hundreds of companies solve their innovation challenges. Take, for example, RWDI AIR. A leader in air quality assessment and solutions, it needed help developing an advanced software technology to develop a smog formation model. Through an ETech investment in collaborative research, RWDI worked with York University professors and students to develop a tool that the company has successfully marketed. “We have some of the best atmospheric chemists in the world at York University,” says ETech Managing Director Dan McGillivray. “Our job is to help commercialize their research so that our environment industry excels in the global marketplace and, in the process, promote development of more highly qualified personnel.”

Fast Fact

Provincial and federal tax credits can cut the after-tax cost of a \$100 R&D expenditure to \$40.24.



a Positive Business Climate

In today's competitive marketplace, minimizing risk and reducing costs are critical to success—and Ontario delivers both.

We also welcome foreign investment, as companies from all over Europe, the U.S. and Asia have discovered.

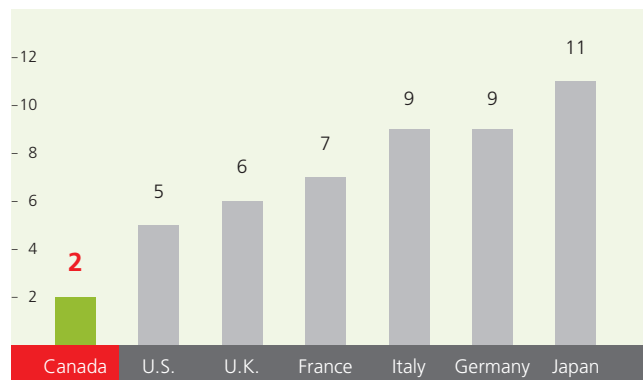
- Our honesty and reliability in business is recognized by the *Economist* in a recent survey of 90 countries, which ranked Canada third behind Finland and Sweden.
- We make it possible for companies to get up and running quickly because the necessary infrastructure is in place and regulatory systems are streamlined.
- We also fast-track immigration for key employees, delivering work visas within days of application.

We're home to Canada's corporate and banking headquarters, and we have:

- an economy that's forecast to outpace the U.S., U.K., France, Germany and Japan
- low inflation and low interest rates
- a favourable exchange rate.

What's more, we offer a unique business incentive, the Ontario Current Cost Adjustment (OCCA), which allows companies to deduct 30% of the costs of new pollution control equipment.

IT TAKES FEWER PROCEDURES TO ESTABLISH A BUSINESS IN ONTARIO, CANADA (number of procedures)



Note: A procedure is defined as an interaction of the company founder with external parties, e.g. government agencies, lawyers, auditors.

Source: The World Bank Group, September 2004, *Doing Business in 2005*

Fast Fact

International firms establishing or expanding operations in Ontario can easily transfer key overseas personnel, and spouses can apply for their own work permits.

Hydroclave Systems Corp.

"We're a leader in high-level infectious waste sterilization technology, with our Hydroclave sterilizers in operation all over the world. Our success depends on having superior technology along with the ability to produce it cost effectively and get it to the world market easily. Ontario makes all that possible, while providing a wonderful quality of life. We've grown and prospered here for more than a decade. It's just a great place to do business."

RICHARD VANDERWAL, PRESIDENT AND CEO, HYDROCLAVE SYSTEMS CORP.

SPOTLIGHT

RWDI AIR



When Sithe Global Power wanted help evaluating the environmental air quality and noise aspects of its power generation facilities in Ontario, it turned to RWDI AIR for help.

Why? Because Guelph-based RWDI AIR is a North American leader in air quality assessment and solutions. That's quite an accomplishment for a company that was just established in 1999. But then, RWDI AIR is a division of RWDI, the world's largest wind tunnel testing firm, with a global clientele that includes leaders in construction, manufacturing, health care, science and technology, natural resources and government. "There's no question our success is due to our employees," says RWDI AIR vice president Mark Vanderheyden. "We're able to hire the best and brightest from Ontario's universities and colleges. They're attracted to the company because it's a high-end technical player focussed on innovation and that's challenging and exciting." Vanderheyden adds, "It doesn't hurt that we're located in southwestern Ontario, which offers a really attractive lifestyle."

Fast Fact

The Ontario government has created a new \$500 million (Cdn) Advanced Manufacturing Investment Strategy that helps companies in areas such as waste management develop and use leading technologies. The repayable loans are interest-free for up to the first five years and cover up to 10% of the project costs.



Market Access

When you're developing and selling products and services for governments and businesses around the world, market access counts—and Ontario has it.

Some advantages of an Ontario location when doing business in the U.S. and Mexico are:

- we're part of NAFTA (the North American Free Trade Agreement), which provides access to a market that's huge (420 million people) and affluent (GDP: \$13.8 trillion) and where products move freely across borders
- we operate in Eastern Time, which means, at most, a three-hour time difference within North America
- our advanced telecommunications infrastructure provides seamless voice, video and data links with major U.S. carriers—and at a lower cost than in the U.S.

Our transportation infrastructure is extensive, sophisticated and integrated with the U.S.

- Our network is linked to U.S. routes at 15 road, rail and marine crossings.
- Ontario has four international airports: Toronto's Pearson, Ottawa, London and Thunder Bay.

Ontario is also well situated for doing business with Europe and Asia.

- We have same-day business access to Europe and evening overlap with Asia.
- We have cultural and business affinities with Europe and Asia that smooth the way for international trade, investment and project partnerships.

Mirarco

“The Mining Innovation, Rehabilitation and Applied Research Corporation (MIRARCO) is a not-for-profit research and technical service company formed through collaboration with Laurentian University and the private and public sectors. Recognized internationally for 3-D scientific visualization of hydrological and environmental data, MIRARCO offers natural resource industries and governments around the world easy access to Ontario’s best and brightest researchers who provide solutions to their specific environmental problems. In the process, we’re developing the next generation of researchers and building on our knowledge base.”

GRAEME SPIERS, DIRECTOR, CENTRE FOR ENVIRONMENTAL MONITORING, MIRARCO

SPOTLIGHT

ComEnCo



Business is booming for air pollution equipment manufacturer ComEnCo. Established in 1991 and headquartered in the Greater Toronto Area, the company began by supplying one of the first mobile oxidation systems to energy companies like Imperial Oil to clean up gas stations across Ontario.

Today, ComEnCo designs, engineers, procures, project manages and commissions a wide range of air pollution products for clients around the world in industries as diverse as auto parts, food processing, alternative energy, mining and construction. What’s been key to the company’s success? “Ontario has a strong and diverse manufacturing sector and its demands for innovative solutions to air pollution problems have helped to drive our company,” says ComEnCo president Raymond Hsu. He notes that the company works closely with its clients to determine their needs, provide them with the best possible solution and make sure it’s in compliance, energy efficient, properly installed and running at optimum capability. “The province also gives us a low-risk environment in which to do business, and a central location that offers us easy access to world markets.”

Fast Fact

The Economist Intelligence Unit (EIU) forecasts that Canada will be one of the best countries in the world in which to do business in the near future, thanks to our openness to foreign trade and capital, high-quality infrastructure and opportunities within the North American marketplace.

We can help

Visit Ontario's Environmental Business Directory at www.envirodirectory.on.ca. You'll find a company that can solve your particular challenge.

To find out more about Ontario's environmental expertise, visit:

The Ministry of the Environment –
Public Information Centre
Website: www.ene.gov.on.ca
E-mail: picemail@ene.gov.on.ca
Tel: +1-416-325-4000

For additional information visit:

- Earth Sciences and Technologies (ETech),
a division of Ontario Centres of Excellence Inc.:
www.oce-ontario.org
- Ontario Centre for Environmental Technology
and Advancement (OCETA):
www.oceta.on.ca
- Ontario Environment Industry Association (ONEIA):
www.oneia.ca

Interested in sourcing environmental suppliers or services?

Contact us directly at:

Website: www.ontarioexports.com

E-mail: trade.officer@edt.gov.on.ca

Tel: +1-416-314-8200

Fax: +1-416-325-6509

And if you're looking for a place to locate or expand your environmental business, we can help with:

- Overview information on Ontario's economy and business climate
- Province-wide site searching of available industrial land and buildings
- Comprehensive profiles of Ontario municipalities
- Coordination of site selection and community visits throughout the province
- Contacts with federal, provincial and municipal officials, as well as utilities, transportation firms and appropriate business facilitators



For more information about opportunities in Ontario,
please call us at:

1-800-819-8701 (North America)
00-800-46-68-27-46 (U.K. and Europe)

E-mail: info@2ontario.com
Website: www.2ontario.com

Ontario Investment Service

BCE Place, TD Canada Trust Tower
Suite 4040, 161 Bay Street
Toronto, ON, CANADA
M5J 2S1

Phone: 416-360-4647
Fax: 416-360-1817

Ministry of the Environment

www.ene.gov.on.ca