Destination Success

A pocket guide to small business in Ontario, Canada
“Ontario’s small and mid-sized business community is a principal contributor to innovation, investment and job creation in every part of the province. The Ministry’s policies and programs enhance small business strength and help entrepreneurs get leading edge products and services into the marketplace.”

Harinder S. Takhar
Minister of Small Business and Entrepreneurship
Currency values are shown in Canadian dollars, unless otherwise stated.

This publication presents information on business enterprises, not establishments. A business enterprise can have more than one establishment.

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

- Ontario is Canada’s second largest province, covering more than one million square kilometres – an area larger than France and Spain combined.

- Ontario’s most southern border is at roughly the same latitude as Rome, Italy.

- 39% of Canada’s population – 12.8 million people – live in Ontario.

- Ontario is a multicultural society. In the past decade, more than half of Canada’s immigrants made Ontario their home. In fact, 3.4 million people (more than a quarter of Ontario’s population) were born in other countries and more than 200 languages are spoken in the province.

- More than 85% of Ontario’s people live in urban areas. The Toronto, Ottawa and Hamilton areas together are home to 57% of Ontario’s population.

Selected Ontario Cities
• Ontario has the largest economy in Canada, accounting for 39% of the nation’s Gross Domestic Product.

• The Ontario economy is bigger than the economies of Belgium, Sweden, Switzerland, Austria or Greece.

• 59% of foreign firms locate their Canadian head offices in Ontario.

• Ontario is the largest manufacturing province, accounting for 48% of Canadian manufacturing sales.

• Ontario is the assembly hub of the leading auto producing region in North America. Eight of the world’s largest vehicle manufacturers operate 14 plants in Ontario.

• Toronto is the third largest financial services centre and has the third largest ICT (information and communications technology) cluster in North America.

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*Based on purchasing power parity valuation
Sources: International Monetary Fund, World Economic Outlook, and Ontario Ministry of Finance
## Ontario’s Economic Role in Canada (2006)

Percent share of Canada’s GDP
Percent share of Canada’s international exports

<table>
<thead>
<tr>
<th></th>
<th>GDP</th>
<th>EXP</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Ontario</td>
<td>38.5</td>
</tr>
<tr>
<td>2</td>
<td>Quebec</td>
<td>19.5</td>
</tr>
<tr>
<td>3</td>
<td>Alberta</td>
<td>16.6</td>
</tr>
<tr>
<td>4</td>
<td>British Columbia</td>
<td>12.5</td>
</tr>
<tr>
<td>5</td>
<td>Saskatchewan</td>
<td>3.2</td>
</tr>
<tr>
<td>6</td>
<td>Manitoba</td>
<td>3.1</td>
</tr>
<tr>
<td>7</td>
<td>Nova Scotia</td>
<td>2.2</td>
</tr>
<tr>
<td>8</td>
<td>New Brunswick</td>
<td>1.8</td>
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<tr>
<td>9</td>
<td>Newfoundland and Labrador</td>
<td>1.8</td>
</tr>
<tr>
<td>10</td>
<td>Prince Edward Island</td>
<td>0.3</td>
</tr>
<tr>
<td>11</td>
<td>Territories*</td>
<td>0.5</td>
</tr>
</tbody>
</table>

*The three territories in Canada are Northwest Territories, Yukon Territory and Nunavut

Source: Statistics Canada, Provincial Economic Accounts
Ontario SMEs at a Glance

Ontario’s small and medium-sized enterprises (SMEs) are significant contributors to the province’s economy. They have a major impact on jobs, investment, trade, innovation and prosperity. A business is defined as a SME if it has fewer than 500 employees.

- More than half of Ontarians work in SMEs, with seventy percent of those working in SMEs employed by firms with fewer than 100 employees.

- SMEs constitute more than 99 percent of all enterprises. Out of over 313,000 enterprises providing employment in Ontario, more than 312,000 are SMEs.*

- Enterprises without employees also play an important role in the provincial economy. There are over 513,000 such businesses, each generating at least $30,000 in annual revenue.*

*Source: Custom data tabulation for 2006 prepared by Statistics Canada, Small Business and Special Surveys Division (2008)

Ontario Employment by Enterprise Size (2006)

Number of Employees

Source: Statistics Canada, Employment, Earnings and Hours
Ontario’s SME community is remarkably diverse, with firms across a range of sectors – financial and business services, manufacturing, retail, information and cultural industries, and construction.

**Ontario’s SME Employment by Industry (2006)**

- Manufacturing: 16%
- Business Services: 14%
- Retail Trade: 12%
- Accommodation and Food Services: 10%
- Health Care and Social Assistance: 9%
- Wholesale Trade: 8%
- Construction: 8%
- F.I.R.E: 6%
- Other: 17%

*F.I.R.E.: Finance, Insurance, Real Estate, Rental and Leasing*
*Source: Statistics Canada, Employment, Earnings and Hours*

Ontario’s dynamic SME marketplace generates tens of thousands of new businesses each year, as Ontario entrepreneurs respond to market opportunities in Canada and around the globe.

Canada ranks second in the world in ease of starting a business, according to a World Bank survey of 178 countries that rated the procedures, time, cost and paid-in minimum capital requirements for starting a business.

*Source: The World Bank, Doing Business 2008*
Those starting a new business in Ontario join a highly experienced SME community.

**Experience Profile of Ontario SME Owners**

*Years Owning or Managing a Business*

- More than 10 years: 66%
- 5 to 10 years: 21%
- Less than 5 years: 13%

*Survey results are for 2004*

*Source: Statistics Canada, Survey on Financing of Small and Medium Enterprises*

**Support for SMEs**

Recognizing the vital role played by SMEs, in 2006 the Ontario government created the Ministry of Small Business and Entrepreneurship as a one-stop-shop for small business support and advocacy.

**The Ministry of Small Business and Entrepreneurship:**

- Works with Ontario SMEs and industry associations to create a positive business environment for SME growth, investment, exports and innovation.

- Promotes Ontario as a premier location for small and medium-sized companies.

- Ensures that smaller firms have a voice in the provincial legislature.

- Endeavours to save businesses time and money by supporting government initiatives to reduce paper burden and administrative costs.
• Provides a variety of programs, services and resources to help small businesses grow and succeed.

• Provides entrepreneurship and youth programs to help strengthen Ontario’s innovation and business cultures.

• Supports a network of Small Business Enterprise Centres in 56 locations across the province in partnership with municipalities to provide new business owners with consulting services, seminars, information, advice and referrals.

• Helps companies committed to growth to gain market intelligence, export assistance, support for new technology and access to government programs through Business Advisory Services offices in 12 locations.

The Ministry website www.sbe.gov.on.ca provides valuable information for those wishing to start a business and for existing business owners to help them grow their companies.
The Ontario Advantage

To succeed anywhere in the world, businesses need talented workers, good suppliers, access to customers and competitive costs. Ontario offers all of these – a tremendous competitive advantage for Ontario SMEs.

**Skilled Workers** Today’s growing businesses are knowledge-intensive. Ontario’s workforce is one of the best educated in the world with a higher percentage of post-secondary degrees and diplomas than any other industrialized country.

**Share of Adult Population with Post-Secondary Education**

<table>
<thead>
<tr>
<th>Country</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ontario</td>
<td>60</td>
</tr>
<tr>
<td>Canada</td>
<td>50</td>
</tr>
<tr>
<td>Japan</td>
<td>42</td>
</tr>
<tr>
<td>United States</td>
<td>36</td>
</tr>
<tr>
<td>Germany</td>
<td>29</td>
</tr>
<tr>
<td>France</td>
<td>27</td>
</tr>
<tr>
<td>United Kingdom</td>
<td>18</td>
</tr>
<tr>
<td>Italy</td>
<td>10</td>
</tr>
</tbody>
</table>

*Defined as completed college or university education

Sources: Organisation for Economic Co-operation and Development (OECD) and Statistics Canada

Apprenticeship training is key to ensuring that Ontario has the skilled tradespeople the economy requires. Employers can draw on Ontario’s Apprenticeship Training Tax Credit to defray some of the expenses of training. This 25 percent refundable tax credit — enhanced to 30 percent for small businesses — is available to employers on wages and salaries paid to apprentices in their first three years of an apprenticeship program in designated construction, industrial, motive power and service trades.

**Education** Ontario has 48 colleges and universities with over 100 campuses across the province. A culture of education and training boosts Ontario’s research, innovation and business capabilities.
Ontario Universities

1. Brock University  
   City: St. Catharines

2. Carleton University  
   City: Ottawa

3. Lakehead University  
   City: Thunder Bay

4. Laurentian University  
   City: Sudbury

5. McMaster University  
   City: Hamilton

6. Nipissing University  
   City: North Bay

7. Ontario College of Art and Design  
   City: Toronto

8. Queen’s University  
   City: Kingston

9. Royal Military College  
   City: Kingston

10. Ryerson University  
    City: Toronto

11. Trent University  
    City: Peterborough

12. University of Guelph  
    City: Guelph

13. University of Ontario Institute of Technology  
    City: Oshawa

14. University of Ottawa  
    City: Ottawa

15. University of Toronto  
    City: Toronto

16. University of Waterloo  
    City: Waterloo

17. University of Western Ontario  
    City: London

18. University of Windsor  
    City: Windsor

19. Wilfrid Laurier University  
    City: Waterloo

20. York University  
    City: Toronto

Source: www.2ontario.com
Health  Ontario has one of the best health care systems in the world. The province’s Ontario Health Insurance Plan (OHIP) provides medical and hospital services to eligible residents of Ontario.

The Ontario government is investing more than $5 billion in health care infrastructure by 2010 as part of the ReNew Ontario plan. The investments include:
More than 100 major projects to build or modernize hospitals, as well as the construction of new cancer treatment programs

$200 million in new and upgraded medical and diagnostic equipment

$50 million to increase the number of spaces in Ontario’s medical schools

$14 million for residential hospices across Ontario

$9 million for Ronald McDonald House in Toronto

**Supply Chains** Ontario’s business community is broad and diverse, able to supply companies with a wide spectrum of goods and services. Ontario SMEs, including manufacturers and third-party logistics and other specialty business service firms, strengthen supply chains within the province. Local suppliers facilitate quality control, just-in-time delivery and Lean thinking.

**Business Taxes** Ontario’s combined federal-provincial corporate income tax (CIT) rates are several percentage points lower than the United States average. In 2008, Ontario’s combined CIT rate for manufacturers and resource industries is 31.5 percent and the combined general CIT rate is 33.5 percent. By 2012, when federal CIT rates are fully phased in, these rates will fall to 27 percent and 29 percent respectively. In addition, small Canadian-controlled private corporations are generally eligible for a reduced combined CIT rate of 16.5 percent. In general, small businesses do not pay Ontario’s capital tax, corporate minimum tax, or employer health tax.

**Innovation** Half of Canada’s industrial R&D occurs in Ontario. In 2004, the most recent year available, 6,330 SMEs and 261 large companies performed R&D in Ontario.
Canada’s R&D tax treatment is among the most generous in the world. For SMEs, tax incentives can cut the after-tax cost of R&D by more than half. The 2008 Ontario Budget proposed a new 10-year Ontario corporate income tax exemption for new businesses that commercialize intellectual property developed by qualifying Canadian universities, colleges and research institutes.

Ontario’s R&D and innovation infrastructure strengthens the capacity to seize opportunities in a fast-changing world.

The Ontario Centres of Excellence support research and the commercialization of leading edge discoveries. Centres specialize in communications and information technology, earth and environmental technologies, energy, materials and manufacturing technologies, and photonics.

The MaRS Discovery District in Toronto connects science, technology and entrepreneurs with business skills, networks and capital to stimulate innovation and accelerate the creation and growth of successful Canadian enterprises.
Seventeen of Canada’s top 50 research universities are located in Ontario, seven of which attract more than $100 million in sponsored research funding annually.

**Security and Stability**  Canada and Ontario are internationally recognized as safe, secure jurisdictions with a fair legal system. In an annual international poll* of travelers and tourism professionals from 65 countries, Canada ranked first as the place respondents would ‘most like to live in’ and second for safety. Ontario cities are among the safest in North America.

*Country Brand Index 2007

**Immigration and Diversity**  Over one million newcomers chose Ontario as their home during the past decade. That’s more than half of all immigrants to Canada. They came from over 200 countries, are well educated and speak more than 200 languages. Ontario’s diversity is a tremendous source of strength. It gives the province a powerful competitive advantage in the world economy.

The Ontario government is collaborating with professional regulatory bodies, employers, community groups, colleges and universities to help qualified newcomers more quickly establish themselves and work in their fields.

The Pilot Provincial Nominee Program assists Ontario employers to attract and retain skilled, qualified foreign workers in select sectors and international students graduating in Canada. The program is employer-driven and focuses on Ontario’s unique labour market needs and priorities.

**Countries of Origin**  Of all the immigrants who came to Ontario in 2006, India and China led as the countries of origin. India accounted for 16 percent of immigrants (19,888) and China, for 13 percent (15,873). Pakistan (9,159) and the Philippines (7,752) were the third and fourth largest source countries, accounting for seven percent and six percent of immigrants, respectively. The United States followed with 5,705 immigrants, or five percent of the Ontario total.
Transportation Infrastructure

Located in the heart of North America, Ontario businesses have easy access to prosperous consumer and industrial markets. The province has an up-to-date, integrated transportation infrastructure, including highways, commuter and urban public transit, province-wide and internationally connected railways,

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Ontario Immigrant Population by Place of Birth (2006)

- **Asia and the Middle East**: 40.5%
- **Europe**: 38.5%
- **Central & South America**: 6.4%
- **Caribbean & Bermuda**: 6.2%
- **USA**: 3.1%
- **Africa**: 4.8%
- **Other**: 0.5%

Total immigrant population was 3.4 million

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Immigration to Ontario from Top Ten Source Countries (2006)

- **India**: 20,000
- **China**: 15,000
- **Pakistan**: 10,000
- **Philippines**: 7,000
- **United States**: 5,000
- **Iran**: 4,500
- **Sri Lanka**: 3,500
- **United Arab Emirates**: 2,500
- **Bangladesh**: 2,500
- **Colombia**: 2,000

Source: Citizenship and Immigration Canada
worldwide cargo aviation systems and extensive inland and international marine shipping facilities.

Ontario shares 15 border crossings with the United States. Canada’s busiest border crossings are in Ontario. In fact, the Windsor-Detroit border crossing is the busiest border crossing in North America. On average, goods worth $307 million pass through the Windsor-Detroit gateway each day.

**Road**  Ontario has an extensive road network with more than 56,000 kilometres (34,000 miles) of municipal roads and over 16,000 kilometres (10,000 miles) of highways, including four-lane highways with advanced freeway traffic management systems for improved efficiency and safety. Highway 401 is a key trade corridor, running from Windsor, Ontario to Montreal, Quebec.

Years of investment mean that Ontario has the youngest road network in Canada, matched in age by only one other province.

Ontario has an extremely competitive trucking industry. Seventy-five percent of the value of Ontario’s trade with the U.S. moves by truck.

**Rail**  Transcontinental railway lines provide freight service to eastern and western Canada and to the United States. The Ontario rail system has over 13,351 kilometres (8,296 miles) of track.

**Air**  Ontario has over 60 airports receiving scheduled flights, including 20 that can service jet aircraft. Ontario airports service 40 percent of total national passenger traffic.

Toronto’s Lester B. Pearson International Airport is Canada’s largest, serving approximately 31 million passengers annually. It ranks second in North America based on the number of international passengers. Pearson provides direct service to 49 U.S. markets daily and over 48 countries worldwide, and handles over 500,000 tons of cargo annually.
Sixty-nine international airlines provide scheduled service and a number of additional airlines provide charter services on a seasonal basis.

**Ontario Transportation Infrastructure and Border Crossings**

![Map of Ontario Transportation Infrastructure and Border Crossings](source: www.2ontario.com)

**Telecommunications Infrastructure** Ontario’s communications networks are efficient, affordable and among the best in the world. Telecommunications companies in Ontario offer a full range of voice and data telecommunications services, including seamless international connections through a choice of carriers. Ontario firms are leaders in communications technologies.

**Energy/electricity Infrastructure** Almost all of the energy consumed in Ontario is sourced in Canada. With plentiful domestic resources and an efficient energy industry, Ontario has low energy prices compared to most developed nations.
The major sources of electricity generation in Ontario are nuclear, hydroelectric, fossil (coal) and natural gas. Ontario has also committed to increasing the power supply from alternative sources, such as wind energy, to 10 percent of total supply by 2010.

**The NAFTA Advantage**  Ontario’s geographical location makes the province a natural manufacturing and distribution centre for important markets in Canada, the United States and Mexico. Over 100 million people live within a day’s drive of southern Ontario. Two-way trade in goods between Ontario and the U.S. was $300 billion in 2007, an average of over $800 million each day. Toronto’s international airport offers flights to all of the important markets in the United States. Major centres such as Boston, New York, Detroit and Chicago are just a short flight.

The North American Free Trade Agreement (NAFTA), signed by Canada, the United States and Mexico to increase trade among the three nations, provides Ontario goods, services and capital barrier-free access to the U.S. and Mexican markets. Companies have access to a market with over 440 million consumers and a combined GDP of about $17 trillion.
Ontario’s Regional Strengths

Different cities and regions across Ontario are recognized for their strengths in specific sectors. For example, Toronto is Canada’s financial centre, Ottawa is known for its high tech companies and Sudbury is an international centre for mining.

Ontario’s Largest City Regions and Selected Strengths

Ontario’s largest city regions are designated by Statistics Canada as Census Metropolitan Areas (CMAs). Each displays a unique combination of strengths:

Barrie – Motor vehicle parts manufacturing, tourism. Emerging strengths include aerospace, environment and green energy production, food and beverage, life sciences.

Brantford – Primary metal manufacturing, fabricated metal product manufacturing, plastic product manufacturing, paint manufacturing. Emerging strengths include food manufacturing.

Guelph – Motor vehicle parts manufacturing, fabricated metal products manufacturing, appliance manufacturing, machinery manufacturing, chemical product manufacturing, agricultural support activities. Emerging strengths include environmental technologies, biotechnology.

Hamilton – Steel and metal manufacturing, other heavy manufacturing (including railcars, industrial machinery and appliances, and clay product and refractory manufacturing). Emerging strengths include biotechnology, information and communications technology, film production.

Kingston – Transportation services and logistics, chemical manufacturing and research. Emerging strengths include biotechnology, alternative energy, information technology.

Kitchener-Waterloo – Machinery manufacturing, fabricated metal product manufacturing, motor vehicle manufacturing, electrical equipment manufacturing, textiles, clothing and leather product manufacturing, information and communications technology (ICT) manufacturing and services. Emerging strengths include health sciences.
London – Transportation equipment manufacturing including motor vehicles and railcars, primary metal manufacturing, animal production. Emerging strengths include information technology, life sciences.

Oshawa – Automobile and auto parts manufacturing. Emerging strengths include information and communications technology.

Ottawa – Public administration, ICT manufacturing and services (including telecommunications, computer systems design, software and hardware). Emerging strengths include photonics, life sciences.

Peterborough – Food processing and distribution, electrical equipment manufacturing. Emerging strengths include DNA life sciences cluster.

St. Catharines-Niagara – Wineries, fruit production and greenhouses, travel and tourism related activities. Emerging strengths include advanced manufacturing, information technology.

Greater Sudbury – Mining, primary metal manufacturing, mining/forestry machinery manufacturing. Emerging strengths include medical research, environmental restoration.

Thunder Bay – Forestry-related industries (including paper manufacturing), transportation services, rail/subway car manufacturing. Emerging strengths include a growing molecular medicine cluster.

Toronto – Financial services, film and TV industry, ICT manufacturing and services, aerospace manufacturing, medical and biotech research and manufacturing, food and beverage production and distribution, automobile assembly and parts manufacturing. A range of emerging strengths build on this diverse base.

Windsor – Automobile, motor vehicle parts and other transportation equipment manufacturing, metalworking machinery and tool manufacturing, plastic product manufacturing. Emerging strengths include food and beverage processing, aerospace, environmental industries.
City of Toronto

Toronto is the provincial capital and is a major international centre for business and finance, home to the country’s five biggest banks and the world’s seventh largest stock exchange. The city is a national centre for media, publishing, telecommunications and information technology and is also an important wholesale and distribution point for the industrial sector.

Toronto is also a leading centre for research and higher education. The University of Toronto alone has more than 16,500 researchers on campus and at its affiliated teaching hospitals. Its Faculty of Medicine was recently recognized by the United Nations as one of four international centres of excellence for its multi-disciplinary approach to leading edge research. Each day, Toronto institutions spend more than $2 million on medical research.

Greater Toronto Area (GTA)
All of Ontario’s larger communities designated as Census Metropolitan Areas (CMAs) increased in population size between 2001 and 2006. The Toronto CMA and the nearby CMAs of Barrie, Oshawa, Kitchener and Guelph recorded the most rapid increases.

**Population Growth of Ontario CMAs, 2001-2006**

Source: Statistics Canada, 2001 Census and 2006 Census
A wide range of new businesses flourish in Ontario every year, from cutting-edge biotechs to fly-in camps and everything in-between.

While success stories are found in every field, Ontario SMEs in five broad sectors have demonstrated very strong employment growth in recent years:

- Business Services
- Construction
- Finance, Insurance, Real Estate, Rental and Leasing
- Health Care and Social Assistance
- Educational Services

Top 5 SME Growth Sectors, based on SME Employment Gains, 2002-2006

Chart shows increases in SME employment in Ontario from 2002 to 2006 for each sector
F.I.R.E.: Finance, Insurance, Real Estate, Rental and Leasing

Source: Statistics Canada, Employment, Earnings and Hours
Business services increased employment by more than 30,000 positions between 2002 and 2006, leading all other sectors and accounting for 36 percent of the total increase in SME employment during the period. Business services includes various professional, scientific and technical services (for example, computer systems design), as well as a range of administrative and support services.

**Growth SMEs in Ontario**

According to PROFIT magazine, Ontario leads all other provinces in the number of fast-growing SMEs. A total of 169 Ontario SMEs appeared on PROFIT magazine’s annual lists of the 200 fastest-growing Canadian companies at least once in 2005, 2006 or 2007 – over 46 percent of the SMEs listed. Inclusion on the lists is based on revenue growth over the most recent five years.

The Ontario SMEs grew their revenues by 43 percent annually, while achieving remarkable growth in productivity (revenues per employee) of almost 60 percent over five years. These companies increased employment by 31 percent annually.

The fastest-growing companies are enjoying success around the globe. Two-thirds of the Ontario SMEs on the lists exported, and 50 percent exported more than 20 percent of their sales.

Professional, scientific and technical services is the largest single industry sector for Ontario SMEs making PROFIT’s fastest growing lists. This sector alone accounted for 36 percent of the Ontario SMEs. The next largest sectors are manufacturing and administrative and support services.
Based on the PROFIT magazine 2005-2007 lists of the 200 fastest-growing Canadian companies
Reaching into Global Markets

Ontario’s business community thrives through international trade. The province exports more, on a per capita basis, than any G7 nation.

Ontario businesses have full and direct access to the United States and Mexican markets through the North American Free Trade Agreement. They also have strong historical trade ties with Europe, and rapidly growing trade partnerships with Asian countries.

### Ontario Exports by Destination and Enterprise Size (2006)

<table>
<thead>
<tr>
<th>Region</th>
<th>SME</th>
<th>Large</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>U.S.</td>
<td>81%</td>
<td>88%</td>
<td>86%</td>
</tr>
<tr>
<td>Europe</td>
<td>9%</td>
<td>6%</td>
<td>7%</td>
</tr>
<tr>
<td>Asia and Pacific</td>
<td>6%</td>
<td>3%</td>
<td>4%</td>
</tr>
<tr>
<td>Latin America</td>
<td>2%</td>
<td>2%</td>
<td>2%</td>
</tr>
<tr>
<td>Other</td>
<td>2%</td>
<td>1%</td>
<td>1%</td>
</tr>
<tr>
<td>Total</td>
<td>100%</td>
<td>100%</td>
<td>100%</td>
</tr>
<tr>
<td>Value of Exports ($ Billions)</td>
<td>51.5</td>
<td>124.1</td>
<td>175.6</td>
</tr>
</tbody>
</table>

*Goods exports only
Source: Statistics Canada, Exporter Registry*

### More than 95 Percent of Exporters are SMEs

The United States is usually the first and largest export market for Ontario SMEs. As these companies grow, they often expand into international markets such as Asia, Europe, South America and the Middle East.

Small and medium-sized businesses play a major role in Ontario’s export success. In 2006, more than 16,900 Ontario SMEs exported $51.5 billion of goods around the world.

Number of Ontario Exporters by Enterprise Size (2006)
Financing Growth

North America’s Third Largest Financial Services Centre

Ontario – and Toronto in particular – is the third largest North American financial services centre based on employment. The Greater Toronto Area (GTA) accounts for 27 percent of Canada’s financial services sector employment.

The Greater Toronto Area is headquarters to:

- Canada’s top five domestic banks, by revenues, and to 50 foreign bank subsidiaries and branches
- Five of the ten largest pension funds, by assets under management
- Six of Canada’s top ten insurers, which manage over 90 percent of the industry’s assets
- The top five retail brokerages and 57 percent of all registered investment dealers in Canada
- 65 percent of all investment fund management companies in Canada

The GTA is also the Canadian home for international leaders in financial services – American Express, Citigroup, ING, Morgan Stanley, UBS, Merrill Lynch, Deutsche Bank and many others. The Toronto Chartered Financial Analysts Society has over 5,500 members – the second largest in the world.

The Toronto Stock Exchange (TSX) and the TSX Venture Exchange combined comprise the third largest exchange in North America, by market capitalization, and the seventh largest in the world. They are global leaders in the mining and oil and gas resource sectors and rank second in the world in terms of number of technology companies listed and third in terms of number of life sciences companies listed.
## Types of Financing Instruments Used by Start-up and Established Ontario SMEs

Percentage of Ontario SMEs using financing instruments

<table>
<thead>
<tr>
<th>Types of Financing Instruments</th>
<th>Start-ups</th>
<th>Established</th>
</tr>
</thead>
<tbody>
<tr>
<td>Personal savings of business owners</td>
<td>76.1</td>
<td>54.7</td>
</tr>
<tr>
<td>Personal credit cards of business owner(s)</td>
<td>46.9</td>
<td>47.7</td>
</tr>
<tr>
<td>Personal lines of credit of business owner(s)</td>
<td>45.6</td>
<td>47.1</td>
</tr>
<tr>
<td>Trade credit owing to suppliers</td>
<td>38.1</td>
<td>47.8</td>
</tr>
<tr>
<td>Commercial loans from financial institutions</td>
<td>34.8</td>
<td>34.5</td>
</tr>
<tr>
<td>Commercial credit cards</td>
<td>34.4</td>
<td>45.6</td>
</tr>
<tr>
<td>Lines of credit from financial institutions</td>
<td>33.2</td>
<td>40.9</td>
</tr>
<tr>
<td>Leasing</td>
<td>25.3</td>
<td>28.2</td>
</tr>
<tr>
<td>Personal loans of business owner(s)</td>
<td>23.7</td>
<td>26.7</td>
</tr>
<tr>
<td>Loans from friends and relatives of business owner(s)</td>
<td>19.3</td>
<td>24.5</td>
</tr>
<tr>
<td>Government lending agencies/grants</td>
<td>14.9</td>
<td>16.2</td>
</tr>
<tr>
<td>Loans from individuals unrelated to the firm or its owners (“angels”)</td>
<td>11.6</td>
<td>10.6</td>
</tr>
<tr>
<td>Micro-credit</td>
<td>11.1</td>
<td>8.7</td>
</tr>
<tr>
<td>Other sources of financing</td>
<td>10.5</td>
<td>13.3</td>
</tr>
<tr>
<td>Venture capital funds</td>
<td>7.6</td>
<td>8.1</td>
</tr>
<tr>
<td>Retained earnings</td>
<td>N/A</td>
<td>50.9</td>
</tr>
<tr>
<td>Loans from employees</td>
<td>N/A</td>
<td>15.7</td>
</tr>
<tr>
<td>Factoring</td>
<td>N/A</td>
<td>8.7</td>
</tr>
</tbody>
</table>

Based on survey results for 2004, the most recent available  
Source: Statistics Canada, Survey on Financing of Small and Medium Enterprises
SME Approaches to Financing

Seventy-eight percent of Ontario’s small and medium-sized business owners start from scratch. Another 14 percent purchase an existing business from a non-family member.

The vast majority of Ontario start-ups are financed at least partially by personal savings, augmented by personal credit cards and lines of credit.

When it comes to commercial loans, Ontario SMEs rely overwhelmingly on banks for debt financing.

Ontario: A Leading Choice for Venture Capital

Ontario companies attracted 46 percent of all venture investment in Canada in 2007. Most of the venture capital investment was made in companies in the innovative fields of information technologies and life sciences.

Venture Capital Investment in Ontario by Sector (2007)

<table>
<thead>
<tr>
<th>Sector</th>
<th>Number of Companies</th>
<th>Dollars invested ($ Millions)</th>
<th>Share of dollars invested (Percent)</th>
<th>Average amount invested per company ($ Millions)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Information Technology</td>
<td>83</td>
<td>658.7</td>
<td>70.3%</td>
<td>7.9</td>
</tr>
<tr>
<td>Life Sciences</td>
<td>19</td>
<td>190.6</td>
<td>20.4%</td>
<td>10.0</td>
</tr>
<tr>
<td>Traditional Industries</td>
<td>14</td>
<td>31.3</td>
<td>3.3%</td>
<td>2.2</td>
</tr>
<tr>
<td>Other Technologies</td>
<td>8</td>
<td>56.4</td>
<td>6.0%</td>
<td>7.1</td>
</tr>
<tr>
<td>All Sectors</td>
<td>124</td>
<td>937.0</td>
<td>100%</td>
<td>7.6</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Sector</th>
<th>Number of Companies</th>
<th>Dollars invested ($ Millions)</th>
<th>Share of dollars invested (Percent)</th>
<th>Average amount invested per company ($ Millions)</th>
</tr>
</thead>
<tbody>
<tr>
<td>All Sectors</td>
<td>411</td>
<td>2,059.3</td>
<td>100%</td>
<td>5.0</td>
</tr>
</tbody>
</table>

Source: Thomson Financial
Numerous resources are available online, by telephone and in-person to help you start and grow your business. The following websites can help you find detailed and specialized data, market intelligence, export tips and more.

**Ontario Ministry of Small Business and Entrepreneurship**
MSBE is Ontario’s focal point for services to help small and medium-sized businesses grow and prosper with extensive resources that meet the needs of Ontario’s entrepreneurs.  
[www.sbe.gov.on.ca](http://www.sbe.gov.on.ca)

**Business Advisory Services**
MSBE has a network of business advisors in twelve offices across southern Ontario — the Ministry of Northern Development and Mines has offices serving businesses across northern Ontario. Business advisors help growth-oriented SMEs plan for growth and achieve their business goals by: supporting the development of new products, services and markets; connecting businesses to ministry and government programs/resources; facilitating business-to-business networking and linkages; and providing advice on accessing financing to support their growth initiatives.

**Small Business Enterprise Centres (SBECs)**
Small Business Enterprise Centres in 56 locations throughout Ontario provide consulting services, support and information to new entrepreneurs and early-stage growth businesses during their initial years of development and operation, including resources related to management, marketing, technology and financing.

**Ontario Ministry of Economic Development and Trade**
MEDT attracts growth and investment to the province and helps Ontario businesses innovate and compete and expand their exports, and provides immigration services for corporations bringing employees to Ontario.  
[www.ontario-canada.com](http://www.ontario-canada.com)
Ontario Ministry of Research and Innovation
Created to focus on the government’s commitment to innovation as the driver of growth across all sectors of the economy, the Ministry of Research and Innovation partners with MaRS Discovery District and the Ontario Centres of Excellence (OCE) to deliver programs across the province.
www.mri.gov.on.ca

ServiceOntario
From starting a business to getting married, Service Ontario is an online portal and network of public kiosks across the province designed for easy access to the Ontario government for information, services and resources.
www.serviceontario.ca

Export Development Canada
EDC provides innovative financing, insurance and bonding solutions to help Canadian companies – mainly SMEs – manage risk and capitalize on trade opportunities around the globe.
www.edc.ca

Canada-Ontario Business Service Centre
COBSC is the primary source for up-to-date and accurate business-related information including referrals to government programs, services and regulations in all regions of Canada.
www.canadabusiness.ca

Service Canada
Service Canada provides a single Government of Canada service delivery network that brings together a comprehensive set of government services and benefits.
www.servicecanada.gc.ca

Business Development Bank of Canada (BDC)
BDC provides small and medium-sized businesses with financing, capital and consulting services to help create and grow Canadian SMEs and supports the needs of entrepreneurs at every stage of growth.
www.bdc.ca
Canada: Quick Profile

Population  33 million. Approximately 90% of the population resides within 160 kilometres of the United States.

Area  10 million square kilometres. The second largest country in the world.

Capital  Ottawa, Ontario.

Languages  English (official) 58.0%, French (official) 22.1%, Others 19.9%.

Economy  In their forecast of the global outlook from 2008 through 2012, the Economist Intelligence Unit (EIU) ranked Canada first among G7 countries and fourth among 82 countries for the attractiveness of its business environment.

Environment  Canada ranked second among G7 countries and twelfth among 149 countries in the 2008 Environmental Performance Index. The index is produced jointly by the Yale Center for Environmental Law and Policy and Columbia University’s Center for International Earth Science Information Network, in collaboration with the World Economic Forum.

Competitiveness  The International Institute for Management Development’s 2007 World Competitiveness Yearbook ranked Canada second among G7 countries and tenth among 55 countries.