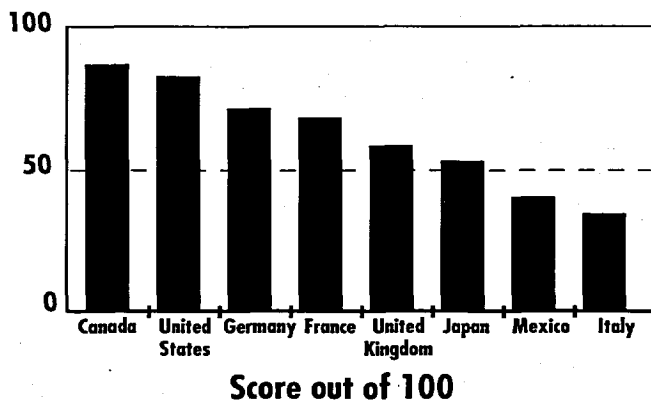


Figure 13.
Availability of Business-Related Resources, 1994



Note: Score (0=low, 100=high) measures the quality and availability of energy resources, roads, railroads, air transport, ports, telecommunications and computers.

Source: World Competitiveness Report, 1994.

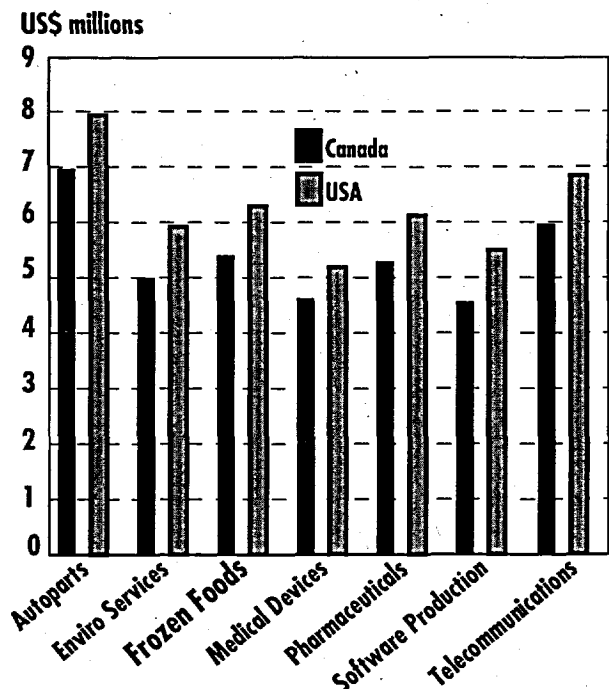
A COST ADVANTAGE

Canada's rich infrastructure is accompanied by significant cost advantages. A recent study completed by KPMG Management Consulting compared various industries in Canada and the United States in terms of their cost structures (see Figure 14). Similarly, the study compared costs associated with investing in sample sites in the two countries. The study found that overall, locational costs are lower in Canada. In comparing eight Canadian and seven U.S. cities, the report ranked the Canadian cities one through six for the lowest overall costs. These cities were compared on the basis of:

- initial facility investment, including land acquisition and construction;
- labour costs, including wages, statutory payroll benefits and taxes, and employer-sponsored benefits;
- electricity costs;
- transportation costs;
- interest costs; and,
- taxation costs, including income taxes and research tax credits.

For example, KPMG Management Consultants confirmed that total employer costs of labour (direct wages plus benefits and social program support) are lower in major manufacturing centres in Canada as compared with major U.S. centres. Due to a history of low inflation since 1990, Canadian wage rates have experienced the second slowest growth among G7 countries (see Figure 15 on following page). Other costs associated with labour such as employer-paid social security taxes and health insurance, are significantly lower for Canadian firms than for their American counterparts.

Figure 14.
Location-Sensitive Costs, by Industry*
(10-year annual average of location-specific costs)



* Based on annual average U.S. dollar costs in millions.

Source: KPMG, A Comparison of Business Costs in Canada and the United States, March 1995.