

KPMG Competitive Alternatives.com

KPMG released the report below in 2008 and it compares the overall result of an average of 12 operations among seven major Canadian cities. One can see that Saskatchewan fares well with Saskatoon in first and Regina in third. Yet, when one looks at the percentages separating the first and third position, it is quick to see that it is a marginal difference. Indeed, the study authors confirmed that this was within an error of estimates and would be statistically insignificant.

Competitive Alternatives.com Cost Model Detailed Comparison Report

INDUSTRY: OVERALL RESULT

OPERATION: Average of 12 operations

(USD\$'000)

City	Saskatoon	Winnipeg	Regina	Edmonton	Toronto	Calgary	Vancouver
Region	SK	MB	SK	AB	ON	AB	BC
Country	CA	CA	CA	CA	CA	CA	CA
Exchange rate per USD\$	C\$1.000	C\$1.000	C\$1.000	C\$1.000	C\$1.000	C\$1.000	C\$1.000
Initial Investment							
Land	1,095	703	799	1,354	2,520	2,496	2,940
Buildings	3,402	3,060	3,185	3,954	3,521	3,521	4,225
	4,497	3,763	3,984	5,309	6,040	6,017	7,165
<i>Rank, total investment</i>	3	1	2	4	6	5	7
Cash	238	238	238	238	238	238	238
Inventory	1,125	1,125	1,125	1,125	1,125	1,125	1,125
Fixed assets	4,710	4,710	4,710	4,710	4,710	4,710	4,710
	\$10,570	\$9,837	\$10,058	\$11,382	\$12,114	\$12,091	\$13,238
Initial Financing							
Debt	5,326	4,929	5,045	5,776	6,174	6,165	6,804
Equity	5,244	4,908	5,013	5,607	5,940	5,927	6,435
	\$10,570	\$9,837	\$10,058	\$11,382	\$12,114	\$12,091	\$13,238
10-Year Average Profit & Loss							
	Saskatoon	Winnipeg	Regina	Edmonton	Toronto	Calgary	Vancouver
Sales	17,981	18,042	18,102	18,123	18,296	18,352	18,389
Location-sensitive costs							
Salary and wages	5,549	5,510	5,611	5,846	6,095	5,996	6,281
Statutory plans	324	445	326	340	452	344	336
Other benefits	1,126	1,119	1,139	1,204	1,242	1,235	1,248

<i>Total labor</i>	6,999	7,074	7,075	7,391	7,788	7,575	7,864
Rank, total labor	1	2	3	4	6	5	7
Facility lease	263	289	394	328	394	524	505
<i>Rank, facility lease</i>	1	2	4	3	4	7	6
Road freight	639	716	644	590	273	545	672
Air freight	21	21	22	19	16	19	18
Sea freight	96	102	94	93	67	86	52
<i>Total transportation</i>	757	838	760	702	357	650	742
<i>Rank, transportation</i>	5	7	6	3	1	2	4
Electricity	183	124	183	346	254	300	144
Gas	92	108	92	81	92	80	113
Telecommunications	31	30	31	30	28	30	28
<i>Total utilities</i>	305	262	305	457	374	409	285
<i>Rank, electricity</i>	3	1	3	7	5	6	2
<i>Rank, gas</i>	3	6	3	2	5	1	7
<i>Rank, telecommunications</i>	6	5	6	4	1	3	2
<i>Total operating costs</i>	8,324	8,463	8,534	8,878	8,912	9,159	9,396
<i>Rank, operating costs</i>	1	2	3	4	5	6	7
	Saskatoon	Winnipeg	Regina	Edmonton	Toronto	Calgary	Vancouver
Interest	-91	-89	-96	-1	44	51	138
Depreciation	818	795	803	854	825	825	872
<i>Total interest, depreciation</i>	727	706	707	854	869	876	1,010
Income tax, national	388	359	369	298	281	264	212
Income tax, regional	208	118	196	259	289	241	179
Income tax, local	-	-	-	-	-	-	-
Capital tax, national	-	-	-	-	-	-	-
Capital tax, regional	-	56	-	-	2	-	-
Sales tax	95	145	95	-	91	-	106
Property tax	99	115	132	74	184	83	156
Gross receipts tax	-	-	-	-	-	-	-
Business tax	-	51	-	-	-	88	-
Grants, subsidies	-	-	-	-	-	-	-

<i>Total taxes (net of grants)</i>	790	844	791	630	846	675	652
<i>Total location-sensitive costs</i>	9,840	10,012	10,032	10,362	10,627	10,710	11,059
Location-insensitive costs							
Materials	4,661	4,661	4,661	4,661	4,661	4,661	4,661
Other operating expenses	1,240	1,240	1,240	1,240	1,240	1,240	1,240
<i>Total location-insensitive costs</i>	5,902	5,902	5,902	5,902	5,902	5,902	5,902
<i>Total costs</i>	15,742	15,914	15,934	16,264	16,529	16,611	16,961
<i>Net profit after tax</i>	\$2,239	\$2,128	\$2,169	\$1,859	\$1,768	\$1,740	\$1,429
<i>% of sales</i>	12.50%	11.80%	12.00%	10.30%	9.70%	9.50%	7.80%
Overall rank	1	2	3	4	5	6	7
Overall index	96.7	97.7	97.8	99.9	101.5	102	104.2
% Difference from Position 1	-	1.0%	1.1%	3.3%	5.0%	5.5%	7.8%
Summary Measures							
	Saskatoon	Winnipeg	Regina	Edmonton	Toronto	Calgary	Vancouver
Net profit before income tax	2,836	2,605	2,733	2,416	2,337	2,245	1,819
Effective income tax rate	21.00%	18.30%	20.70%	23.00%	24.40%	22.50%	21.50%
<i>Rank</i>	3	1	2	6	7	5	4
Property-based taxes per sq.ft.	\$1.34	\$2.70	\$1.79	\$1.00	\$2.49	\$3.07	\$2.13
<i>Rank</i>	2	6	3	1	5	7	4
<i>Effective tax rates are not shown where results are not meaningful due to marginal profitability.</i>							
<i>Effective tax rates may be negative due to refundable tax credits exceeding taxes paid.</i>							