

Beekeepers stung by high colony losses

A QUICK STUDY



Daniel Alexander, Business Edge

Cellphone software maestro

QuickPlay Media CEO Wayne Purboo has led his company through a series of transformations, building it into a major telecommunications industry player in three years by supplying the software that allows cellphone customers video access to the major carriers. Purboo discusses his evolution into an entrepreneur in **20 Questions** on **Page 6**.

Industry struggles with low prices, bee mortality

By **Laura Severs**
Business Edge

Bees are dropping like flies as Canadian beekeepers struggle to find out what's causing a collapse in their \$1.2-billion industry.

Losses across the country are piling up and beekeepers are facing tough times, industry officials say, especially in an economy where honey is selling at prices below actual production costs.

While early indications point to unusual weather patterns and disease, there is no one common link to the high levels of bee mortality. In some cases, colonies weathered the winter in one area while a neighbouring beekeeper was hit hard.

"We haven't seen such high losses before across the country," says Heather Clay, national coordinator for the Calgary-based Canadian Honey Council (CHC). "We've seen it in pockets, but nothing on this scale."

Overall, the national average of overwintering mortality has almost doubled over last year to 29 per cent, with Ontario registering 28,379 dead colonies (or 37 per cent); Saskatchewan at 24,000 (24); Manitoba at 22,950 (27) and British Columbia at 11,308 (23).

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More Canadians adopting energy-efficient lifestyle

The Canadian Press

A growing number of Canadian householders are using energy-efficient lights and water-saving showerheads, but they're still far from being full-fledged environmentalists, suggests a new Statistics Canada study.

A survey of more than 28,000 households conducted in early 2006 found that close to six in 10 now use compact fluorescent bulbs – triple the proportion since the mid-1990s – and more than four in 10 have a programmable thermostat, compared to 16 per cent in 1994.

Six in 10 households had a water-saving showerhead in 2006, compared to more than four in 10 in 1994. The proportion using water-saving toilets nearly tripled, and composting also was on the rise.

But the survey found other aspects of household behaviour have not changed much since the mid-1990s.

Chemical pesticide use was down only slightly to 29 per cent in 2006 from 31 per cent in 1994, with the sole exception of Quebec, where the share of households applying lawn-and-garden pesticides plunged by half to 15 per cent.

Most Canadians also commuted to work alone in a private car or truck, with 57 per cent of all people working outside the home travelling solo to their jobs during the warmer months, growing to 64 per cent in colder months.

The survey found that of the country's urban centres in summer, Saskatoon, Abbotsford, B.C., and Windsor, Ont., had the highest proportion of people commuting on their own in

a vehicle to work, while Victoria and Ottawa-Gatineau had the lowest proportion.

While it's heartening to see more Canadian householders boosting their use of compact fluorescents and programmable thermostats, the predominance of single-occupant vehicles driven to work is a problem, said Lisa Matthaus, campaigns director of the Sierra Club of Canada's British Columbia chapter.

"To me, that points out voluntary measures can take us part of the way, and in some cases, a good chunk of the way to where we need to get to," she said from Victoria.

"But in the end, we really do need to look at government to find ways of making sure everybody is recognizing the real costs of our actions."

Having a good transit system is a luxury for a lot of big cities with commuters wanting to park the car at home, but that doesn't mean those living in less populated areas don't have options, Matthaus said.

"Even smaller communities might have to start looking at prioritizing more investments in those kinds of areas, or for individuals, making investments in better technology that allows you to either work at home more often or carpooling with neighbours."

Examining a carbon tax or disincentives for purchasing gas-guzzling SUVs are possible options to encourage Canadians to become more environmentally active, Matthaus said.

Since the survey was conducted, the city of Saskatoon revamped its transit system last July, and saw a 12-per-cent increase in ridership Jan. 1 compared to last year, said Mayor Don Atchison.

The city was the first in the Prairies to have hybrid buses, and they are trying to set up routes moving people from hubs and outer areas of the city to the downtown core faster than in the past, or to the north end if needed, he said.

"If it's going to take you an hour to get from one end of the city to the other (by bus) and you can (do it by car) in about 22, 23 minutes, I think a lot of people would still choose their vehicle, so we're trying to make it more beneficial time-wise to take the bus for people."

Yet for many living in bedroom communities near the city of 225,000, driving still remains their main way to get into Saskatoon, Atchison said.

Pesticide use was highest in the Prairie provinces, led by Manitoba at 44 per cent and Saskatchewan close behind at 43 per cent.

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Workplace safety measures raise concerns

Unions say foreign workers need freedom of movement

By Monte Stewart
Business Edge

Labour groups are calling for looser restrictions on temporary foreign workers in order to boost workplace safety.

Alberta has set out to provide more protections for workers hired from other nations after signing a memorandum of understanding (MOU) with Ottawa on a future agreement that calls for closer scrutiny of hiring and workplace-safety practices. Other provinces are expected to follow suit.

But labour groups say such pacts would not be necessary if temporary foreign workers could change employers if they do not find the first job to their liking. Union leaders say current rules require temporary foreign workers to remain with the companies that bring them to Canada through provincial programs.

"Temporary foreign workers

are particularly vulnerable to abuse because of their dependence on the employer," says Andrew Jackson, chief economist for the Canadian Labour Congress (CLC).

There were 171,844 temporary foreign workers living in Canada last year – a 122-per cent increase from a decade ago. Temporary foreign workers entering Canada account for an estimated 50 per cent of the total, while the rest enter using exemptions under NAFTA or other trade agreements, on student visas or as spouses.

The provincial nominee program (PNP) allows provinces and territories to fast-track applications for entry to Canada to help offset skilled-labour shortages, which are expected to become more acute as Baby Boomers retire. The programs have been credited with boosting labour supply in smaller markets, such as Manitoba, that have difficulty attracting immigrants.

Ontario (44.7 per cent), B.C. (21.7 per cent), Alberta (13.5 per cent) and Quebec (13.1) employ the vast majority of Canada's foreign temps.

The federal-Alberta crackdown comes after two Chinese temporary foreign workers

were killed and four others injured earlier this year while working at a Canadian Natural Resource Ltd. (CNRL) project in the oilsands near Fort McMurray. Labour leaders say the deaths defied the excellent safety standards of major oil and gas producers such as Suncor, Syncrude and even CNRL.

But the CLC's Jackson says provincial employment standards often exclude temporary foreign workers such as domestics and farm workers. He criticizes the Ontario government for resisting efforts by seasonal foreign mushroom farmers to unionize after a Supreme Court of Canada decision ruled a provincial law prohibited their right to do so.

"One thing (Ottawa) could do is not issue permits to employers to hire temporary farm workers unless they're satisfied that the provincial government is enforcing labour standards," says Jackson.

But, he adds, the Ontario government has increased its efforts recently to monitor employers and make employees more aware of standards.

"If workers are going to be effectively protected, the two key lines of defence are union representation or protection of

the legislated employment standards," says Jackson.

James Leland, business manager for Ironworkers Local 97 in Vancouver, says unions welcome temporary foreign workers and they should be allowed to change employers if they do not find conditions satisfactory.

"If they were able to change contractors, they would go where the work is safest, where the pay is best and where the conditions are best – according to their ability," says Leland. "Any other deal is just more bureaucratic red tape."

The fact that Ottawa and the Alberta government would have to introduce more protections points to a problem, he adds.

Leland also contends foreign temps constitute a "captive workforce" that is being used to keep pay expectations down.

"When they come in, they can only work for that company," he says. "For us to get them over to another company, it takes about two months – all kinds of paperwork."

"If the guy is working there and they're treating him shabby, and I have a contractor that will treat him decently, he cannot go and work for him. The Chinese worker is not going to be

allowed to stray outside that fence."

Under PNPs, employers must prove that they have not been able to hire Canadians for positions filled by international employees, and pay salaries on par with locals.

But Leland says his union put in 100 applications for its members on the Golden Ears Bridge project, a public-private partnership in the Greater Vancouver area, but "not one guy got a call."

"And yet (contractors) keep saying they had to go overseas to get ironworkers," says Leland.

But Daniel Hirschhorn, a Saskatoon-based consultant who recruits foreign workers for Saskatchewan- and Alberta-based companies, says Service Canada ensures that temporary foreign workers receive the same pay as their Canadian counterparts and no Canadians are available for jobs advertised.

Once hired from overseas, workers go through training and orientation at the jobsite. Companies will make sure English levels are high enough so that there are no miscommunication issues, he adds.

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PLAN from Page 1

Secondary illness proving fatal for colonies

The colonies appear to suffer first from a primary malady, such as poor nutrition, unusually cold weather, mite infestation, bacteria or other non-life-threatening illness, says John Gibeau, president of the British Columbia Honey Producers Association. Then the colony dies from a secondary illness that attacks during the weakened state.

"That secondary illness has not yet been discovered, and may be a simple pathogen, such as a new virus," says Gibeau.

The one bright spot is that colony collapse disorder (CCD), prevalent in the United States, where a sudden large-scale die-off of adult bees occurs, is unlikely to be a cause for concern in Canada. CCD has yet to be diagnosed in Canada, says Gibeau.

New Brunswick has been hardest hit by bee colony losses over winter, losing 59 per cent this past winter – the average for overwintering losses of bee colonies in Canada is just 15 per cent – or 4,990 dead bee colonies. In Alberta, home to the largest number of bee colonies in the country, the percentage is lower at 31 per cent, but it registered the highest actual number of dead bee colonies at 77,500 during the same period.

To deal with the situation, the CHC has developed a 23-point action plan.

Clay says the plan calls for:

- Improved monitoring of bee colonies.

- The establishment of a national bee lab for testing and research.

- Lobbying the federal government for at least one additional national apiculture research position with full technical support.

- Expanding provincial inspection programs to include both fall and spring.

- Assistance/disaster relief programs for beekeepers at both the provincial and federal levels.

- A comprehensive professional development program for beekeepers that would consist of courses in business and livestock management, accreditation, and good practices recognition.

One of the first moves will be an information brochure for beekeepers on the monitoring and treatment of pests and parasites. "Right now we need to get the information out and make sure that all beekeepers get the same information," says Clay.

Clay adds that more research at the federal level is vital, and the CHC is lobbying for a pollination ecologist position –



Philip Dobranski photo, courtesy of British Columbia Honey Producers Association

The Canadian Honey Council has developed a 23-point action plan to help beekeepers battle the high levels of bee losses.

THE BUZZ

Employing about 8,000 people, Canada's beekeeping industry produced 93 million pounds of honey in 2006. Almost half the honey crop is exported, with 90 per cent sent to the U.S.

But Canada has fallen out of the top 10 global honey producers, with countries such as China, Turkey and Argentina leading the way followed by other nations including Mexico, Ethiopia and Spain.

According to 2006 figures, there were 631,252 colonies in Canada.

- 435,000 colonies are located on the Prairies, producing 83 per cent of the honey crop.

- Some 80 per cent of beekeepers are hobbyists and operate 20 per cent of all colonies. The average number of colonies per commercial beekeeper is 2,000.

- Bees are estimated to contribute, directly or indirectly, to one-third of our food supply.

- The annual value of honey, wax and hive products is about \$200 million.

- The annual value of honey bees through direct effects of pollination is more than \$1 billion. Pollination targets include hybrid canola, apples, blueberries and cranberries.

Source: Agriculture and Agri-Food Canada

honeybees are vital to the canola seed production industry – and for more research dollars. "We were lobbying before (the bee colony losses) and are lobbying harder now," she says.

In Ontario and New Brunswick, provincial governments have stepped in with financial assistance for the hard-hit sector.

Ontario has set up the \$2.4-million Special Beekeepers Fund to provide direct compensation to beekeepers who suffered higher than normal hive losses this past winter. The province is adding an additional \$600,000 for research, technology transfer and the promotion of Ontario honey.

The Ontario Beekeepers Association calls the funds a good start, especially for beekeepers in the Niagara and the Haldimand-Norfolk areas – just west of the Niagara – that were some of the hardest hit by hive losses.

"I think it's fantastic that they (the province of Ontario) kicked in their \$3 million, which will help out a lot,"

says Danny Walker, president of the Ontario Beekeepers Association.

"But there's still some guys who could still use some help – some of these guys will spend as much as they can to get back on their feet. An equal match from the federal government is well-warranted for us and the (beekeepers in the) other provinces as well."

Walker says he sold honey this winter for a third of what he got in 2002, the best year for

prices due to a world honey shortage.

"The wholesale price was around \$2 a pound then, now it's 75 cents a pound," says Walker. "(To day) it costs us \$1.25 to produce a pound of honey that we only get 75 cents for."

New Brunswick has announced \$100,000 as a first step to help beekeepers rebuild their colonies.

However, no additional funding has been set aside in Alberta, and that concerns Kevin Nixon, president of the Alberta Beekeepers Commission (ABC).

"We are seeing extremely high losses," says Nixon. "We've had two years in a row of low honey prices and beekeepers being hit with a huge loss. We can't just call up a supplier in April and say, '30 per cent of my bees are dead and can we get new bees?'"

"We can only get new bees from New Zealand and Australia, and those usually have to be ordered in January to receive them by springtime."

With about 240,000 hives – or 40 per cent of Canada's bee colonies – and the largest honey production, as well as the largest pollination sector in Canada for canola, Alberta remains on the sidelines, says Nixon.

"Everything that has taken place so far has gone very slowly. They (the province) don't seem to have any major concerns about it," says Nixon.

Paul Laflamme, head of the pest management branch of Alberta Agriculture and Food, says the province is still analysing results from a provincial survey about overwintering losses.

"One of the oddities that we saw was that we could have a large producer with two yards, one would be devastated with an 80-per-cent loss, the other would be fine with normal losses of about 10 per cent," he says.

"That really threw a monkey

wrench in trying to find out what the problem was. We're speculating the long winter we had – it came early and stayed late – plus a cool wet spring made it more difficult for the bees to recover from the long winter."

Laflamme hopes to have all the data analysed and a report by August, but adds he does not know of any new funding in the works.

He notes beekeepers can turn to existing compensation provided by the Canada Alberta Income Stabilization Program and the Alberta Financial Services Corp. But Nixon says such programs are inadequate for beekeepers who have been hit with high colony losses.

Saskatchewan Beekeepers Association president Tim Wendell says losses in the province varied this year with some beekeepers losing 80 per cent of their colonies and others just 10 per cent.

"It looks like it was a resistant mite, something that happens after a time if you're using a specific mite treatment," he says. "It's my experience that when you have winter losses, it generally points to some form of management issue – mites grow resistant very rapidly."

But while Wendell is concerned about colony loss, he says there's an even bigger issue – cheap imported honey that is sold in this country under the Canada No. 1 brand, which is a grade name and doesn't reflect the honey's origins.

"That Canada No. 1 honey may not have any Canadian honey in it," he says.

But the CHC's Clay says there is good news on this particular front after years of lobbying for change.

"The current (federal) government is working with us on getting the changes," she says, adding in the future, the Canada No. 1 honey brand will only be used on 100-per-cent Canadian honey.

(Laura Severs can be reached at laura@businessedge.ca)

Housing market racks up another record

The Canadian Press

Canada's housing market had another record month in June as the average price jumped more than 10 per cent.

The Canadian Real Estate Association (CREA) said the average cost of a home was \$335,180 last month, compared to \$303,472 in June last year, an increase of 10.4 per cent.

Also in June, existing home sales rose to a new seasonally

adjusted high of 31,300 – up 0.3 per cent from May and 10.9 per cent from a year ago. It was the highest monthly sales level on record and the third consecutive month in which activity scaled new heights, CREA said.

Cities breaking records in June were Regina, Toronto, Hamilton, Kitchener, Montreal and Saint John.

The housing figures came a day after the Bank of Canada raised interest rates for the

first time in more than a year.

Bank of Montreal economist Doug Porter said one of the reasons the Bank of Canada is hiking rates is due to the persistent power of the housing market.

Porter said with sales growing faster than new listings, there is still room for house prices to increase further "including markets which were previously more subdued, such as Toronto, Montreal and Ottawa."

PACKAGE from Page 3

Companies being advised to put worker safety first

“Saskatchewan employers, the ones I’ve talked to, they have a whole package in place when foreign workers come here,” says Hirschhorn. “They make sure that communication is there (and) understanding is there.”

“Unfortunately, people die at job sites all the time. They happen to be foreign workers who died (in the oilsands.) But I wonder if there’s more media (attention) around (the incident) because they are foreign workers.”

Hirschhorn believes provincial nominee programs are “visionary” and make sense, but he also endorses the idea of a national program designed to improve temporary foreign worker safety. Businesses must bear most of the responsibility for safety, because there’s “only so much” that governments can do.

“With this day and age of Internet, it’s a small world,” he adds. “If people are hearing that foreign workers are coming here and (Canada has) unsafe working conditions, people will just quit coming. So it’s a good idea for everyone involved to ensure that regulations are in place and (there is) a safe work environment.”

The MOU between Alberta and Ottawa, announced July 9, calls for the two Tory governments to share information on workers hired from other countries to ensure temporary employment programs meet the needs of workers and employers.

Ottawa also plans to introduce tougher measures designed to monitor the hiring of temporary foreign workers and curb fraud. Potential penalties companies could face include refusal of future requests for more international temps.

But Gordon Christie, executive secretary for the Calgary and District Labour Council, predicts the Alberta-Ottawa deal will not make a difference. He says the governments must look at Canada’s safety record for all workers – not just foreign temps.

Of all Organization for Economic Co-operation and Development (OECD) countries, only Italy has a worse job accident and death rate than Canada and all the English-speaking industrialized countries, says Christie.

Alberta traditionally ranks

near the top of workplace death and accident totals, behind perennial frontrunner Ontario.

Christie says Alberta workplace deaths have declined slightly to about 120 per year from 155 two years ago.

“It’s kind of a joke when we see what has been happening for decades here,” he says. “Now, we bring in foreign workers who are really indentured labour.”

Citing federal figures, the Alberta Federation of Labour reports the province welcomed more temporary foreign workers than immigrants through the mainline entrance program last year.

As of last Dec. 1, there were 22,392 temporary foreign workers in Alberta, compared to 20,717 immigrants granted permanent residence status.

It marks the first time that Alberta’s temps have outnumbered traditional immigrants.

There were 74,275 temporary foreign workers in Ontario as of last December, compared to 125,914 immigrants granted permanent residence status.

British Columbia recorded 36,210 temps with 42,079 traditional immigrants. Saskatchewan welcomed 2,266 foreign temp workers and 2,724 new permanent immigrants, while Manitoba had 3,494 temporary workers with 10,051 people granted permanent residence status.

Christie says a survey conducted by a Calgary coalition of unions found most of the city’s temporary foreign workers are employed in the food-service industry and earn only \$9-\$10 per hour on average, while most receive minimum wage.

“Absolutely, there have to be (temporary foreign worker protection) measures nationally,” he says. “Everything helps.”

He says Alberta has had temporary foreign worker programs for the past 40 years, but they are now used on a much larger scale.

All workers should be treated with dignity and respect regardless of where they’re from, he adds.

“We should all have the same equal opportunities (and) benefits,” says Christie. “Instead of temporary foreign workers, we should be looking at immigration.”

(Monte Stewart can be reached at monte@businessedge.ca)

Report predicts global energy crunch

The Canadian Press

The International Energy Agency has warned of the prospect of a global oil and gas crunch due to higher than expected demand and below-par supply from the Organization of Petroleum Exporting Countries (OPEC) and other suppliers.

“Not only does oil look extremely tight in five years time, but this coincides with the prospect of even tighter natural gas markets at the turn of the decade,” the energy security watchdog for the 26-nation Organization for Economic Co-operation and Development said in an oil market report.

The Paris-based agency forecasts escalating global growth will cause spare capacity of the OPEC to fall to “uncomfortably low levels” – and non-OPEC countries will not pick up the slack.

Supply increases from non-OPEC oil producers will start receding starting in 2009, the report says.

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20 QUESTIONS

Entrepreneur enjoying rollercoaster ride

By Monte Stewart
Business Edge

Wayne Purboo started out as a technologist, but morphed into an entrepreneur.

The founder, president and CEO of Toronto-based QuickPlay Media Inc. is now leading his company through a series of transformations.

You may not recognize QuickPlay, but it's lurking behind the scenes of a cellphone near you.

In layman's terms, the company provides software that enables telecommunications company customers to watch short video clips on their mobile devices. In three short years, Purboo has taken a company from scratch to revenues approaching the \$10-million market, signed up major carriers Telus, Bell Mobility and Rogers, and linked users to major broadcasters such as CBC, MTV, ESPN and CHUM Television.

"I love the rollercoaster," says Purboo, explaining how he evolved into an entrepreneur. "It definitely is a rollercoaster ride. Day to day is just up and down. I play a lot of sports. I played basketball for McMaster (University) and it's just replaced that competitive need that's in me, I guess."

Suffice to say, he has come a long way since he left his birthplace of St. Thomas, Jamaica, at the age of two.

1. Do you actually remember much about Jamaica?

"Only because I've vacationed there, but not (from) while I was there. My grandmother's there. My family are (banana) farmers. So there's still the family farm and stuff."

2. Why did your family decide to move to the Toronto area?

"My dad was also a machinist and in the '60s (companies) were looking for machinists in Canada, so they moved. He was a welder and did a lot of metal work, and turning a lathe and stuff like that. They needed a lot of robotics and things like canning machines. It was one of those companies that got shut down because of free trade and moved to the U.S. They did a lot of manufacturing – sort of spec manufacturing – on machines."

3. What did your dad do when the company shut down?

"He moved to an extrusion company that did a lot of aluminum extrusions and he just kept getting into more machine work."

4. When you were younger, what did you imagine you'd grow up to be?

"Culturally, there's not a lot of push to build your own business. It's all professions. Everybody wants to be an accountant or a doctor or a lawyer. I actually went to McMaster because my parents wanted me to become a doctor. I was in the natural science program, but computer science is in natural science as well at McMaster. It



Daniel Alexander, Business Edge

QuickPlay Media CEO Wayne Purboo has developed his company into a telecommunications industry player.

was pretty easy to switch."

5. Why did you decide to switch?

"There were a couple things that were happening. I started playing around with computers more because of the Genome Project. I kind of figured that they'd need to store all the data. It was a nice mix between some of the natural science stuff I was doing on the biology side and the computer side. I just found I liked the computer side more. I had a car accident there, too, and ended up spending a lot of time using a computer."

6. What happened in the car accident?

"I broke my hip and I wasn't able to walk."

7. How long were you sidelined?

"I was in the hospital for about two months. When I came out, I was on crutches and canes, probably about nine to 12 months. I was pretty active with my cane."

8. What was that time like for you?

"Of course, it was very frustrating, but it was good in that it gave me time to think about what I really wanted to do. This was 1990, so I would have been 23. I would have been in my third year (at McMaster). I still have a lot of issues with it. I have arthritis in my hip, but it's

manageable right now. Some days, I probably should (use a cane.)"

9. What would you say helped you survive that serious injury and still pursue your goals?

"Things changed. I got recruited out of university for a California-based company and I just never looked back. I just kept doing computers and computer science. Even through my injury, I actually wrote a computer program. A friend of mine who had a headhunting business wanted something to organize all these people that she was seeing. I wrote a software program for her and that really motivated me to say: 'Hey, you know what? You could really make some money doing this.' I got the job with the California company based here in Toronto, but I spent a lot of time in California and I learned what it meant to be an entrepreneur. I worked for a lot of great people, including Bill Carrico and (wife) Judy Estrin. Judy Estrin is pretty significant down in Silicon Valley (having been named three times to *Fortune Magazine's* list of the 50 most powerful women in American business). They're kind of the original Silicon Valley entrepreneurs. I got a thorough education on what it means to run a company. Most importantly, they really educated

me on what's important and what's not. It's the 'what's not' that's really important when you're a startup company. Judy used to be on the board of Fed Ex. I was very fortunate to be just out of university and able to work in that kind of environment. It definitely made me appreciate the way I think about technology and startups."

10. What was the important part?

"With a startup, you've got limited resources. You've got to figure out when to focus on what. That was the biggest lesson. I was about the 35th person hired at that company. It grew quite rapidly and (went public), so it was a real education for me."

11. What should and shouldn't you focus on?

"It depends on what stage you're at, and it changes over time. I think that a lot of people focus on the wrong things early on. I have a whole philosophy about startups and what should be done and what shouldn't be done. I'm still tweaking it and experimenting with it. But very quickly, with limited resources, you can get a company started if you just stop doing certain things and make sure that you do others that are more significant."

New fisheries program reels in support

But groups say more federal funding required

By Monte Stewart
Business Edge

First Nations and commercial fishers are praising a new \$175-million Pacific fisheries support program that is designed to re-integrate the West Coast fishery.

But spokesmen for both groups say more federal funding is necessary for the program to succeed.

Fisheries Minister Loyola Hearn says Ottawa will spend the \$175 million to fulfil the Conservative government's commitment to establish one fishery in British Columbia that is environmentally and economically sustainable. Most of the money is expected to go toward a buyout of commercial fishers that would transfer more of the annual harvest to First Nations.

Hearn says the challenges faced by Pacific commercial fisheries require all sectors to rise above the discords of the past and work co-operatively.

He singled out the Fraser River salmon fishery, which has been the scene of conflict between Aboriginal and non-native fishermen, and confrontations by both groups with Fisheries enforcement officers.

Doug Kelly, grand chief of the Sto:lo First Nation based in the Fraser Valley, says the federal initiative is a clear departure from Prime Minister Stephen Harper's "ill-advised letter" to the *Calgary Herald* in which he pledged to end "racially divided" fishing programs.

"I say ill-advised because that letter was written primarily out of ignorance," says Kelly.

He adds B.C. already has one fishery, but the conflict surrounds the sharing of the catch.

"I think it's a small, but important, first step to investing in Pacific fisheries," says Kelly of the federal program.

But he is concerned that inflation in the cost of equipment could drive the buyout price up. He also wants First Nations to be "actively involved and engaged in managing that buyout."

The new money will be doled out over five years and will be used to establish enhanced catch-monitoring and reporting, strengthen

enforcement and provide new approaches to trace fish from the time they're caught until they're bought by consumers.

Rob Morley, vice-president of human resources and corporate development for the Canadian Fishing Co. (Canfisco), says his Vancouver-based firm, the largest commercial operator on the West Coast, had anticipated a federal announcement because there is pressure to change the way B.C. fisheries are managed.

"We're hopeful that it's a start in the right direction," says Morley. "But it's probably not a big enough (financial) push to make a big difference."

He estimates as much as \$800 million in federal money could be necessary for buyouts over a 10- to 15-year period, based on the possibility of First Nations seeking one-third of the \$2.5-billion value of quota and licences.

Morley says the B.C. industry has to change the way it does business in order to remain competitive with its main rival, Alaska. He is hopeful the federal announcement will prompt Ottawa to grant the industry's long-standing request for a quota-based system, which he contends is what many other

"more successful" fisheries than salmon use.

"Under a quota-based system, instead of racing to catch the fish and having them all land at the plant at once, you would basically give every vessel a fixed number to catch," says Morley. "They would have the whole week to catch it and you could spread out the landing so (packers) would have fresh fish every day. They would take no more than the department wanted taken in that time period."

Such a system would provide better control over management of the fishery and more opportunities to reduce costs and provide higher-valued products, he adds.

But Eco-Trust Canada, a Vancouver-based sustainability group, argued in a 2004 study that a quota-based system would favour large corporations and hurt small West Coast communities that rely on fishing for much of their livelihood.

Morley notes the proposed buyout of commercial fishermen would give many who are looking to retire an opportunity to leave the industry and help the sector prepare for the time when more fishing oppor-

tunities are transferred to First Nations as part of treaty negotiations.

The federal announcement came just days after Paul Kariya, president and CEO of the Pacific Salmon Foundation, called on the fishing industry and all British Columbians to change their approach to the almost-sacred salmon in a speech to the Vancouver Board of Trade.

The Pacific Salmon Foundation describes itself as an independent, politically neutral organization dedicated to rebuilding healthy, sustainable and diverse Pacific salmon stocks.

Kariya called on fishers to revise their practices through changes in the types of nets they use and other techniques in order to conserve the fish for future generations.

"A good part of their decline is because of human impacts," says Kariya.

Last year, he says, the Fraser was predicted to have a sockeye run of 15-16 million, but the actual number was 11-11.5 million. This year's pre-season sockeye forecast calls for six to seven million.

See HABITAT Page 9

Advertising Feature

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Ken Purvis can spot a candidate for franchising a mile away.

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and means
for this new
franchise to
compete against
all the other
franchises
for sale and
then to beat
the competition.
”

– Retailink's Ken Purvis,
franchise lawyer and coach

the possibilities of this potentially lucrative and rewarding business strategy.

"My personal belief is that a good coach can work wonders," he explains. "I learned an awful lot about the entire industry during my years as a franchise lawyer. In fact, I've been a franchisee myself and spent four years working in house with a

successful Western Canadian franchisor."

Purvis is equally happy to help existing franchises solve their problems, developing specifically designed programs to generate increased sales, cut losses, improve franchise relationships and minimize legal exposure to lawsuits. But when it's time to help a new franchise get off the ground, Purvis adheres to a proven formula, helping each customer develop an effective business plan.

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"Everything relating to the business must be documented, from unlocking the door in the morning to going to the bank at night," Purvis insists.

■ **Third step:** Marketing the franchise. "We specify ways and means for this new franchise to

compete against all the other franchises for sale and then to beat the competition," Purvis says. "This is extremely important. I spend an awful lot of time on this aspect of the engagement."

Purvis places particular emphasis on the importance of creating franchises SAFELY, by the way.

"There can be legal pitfalls as we move down this road," he frankly warns. "To protect my clients, I work closely with them through the entire process."

In addition, Purvis personally sells the first three or four franchises on his client's behalf.

"By doing so, I actually train the person my customer selects to head up their franchise sales team," he says.

With offices in Calgary and Denver, Ken Purvis is thoroughly conversant with franchise law on both sides of the border.

Interested? There's much more to learn. So drop by the Retailink website (retailinkfranchise.com) and give Ken a toll-free call at 1-800-567-9389 or, in Calgary, 403-543-1044 or e-mail kjpinc@retailinkfranchise.com.

20 QUESTIONS from Page 6

Market direction crucial part of game plan

12. From scratch, what is the most important thing to do?

"I think the biggest thing is a lot of people get too caught up in their ideas and try to drive their idea down customers' throats. This is my own philosophy. You can have an idea and you can bounce it off a customer, but then you've got to spend a lot of time in the first couple of years just listening to your customers and delivering more custom solutions than you'd probably like. A lot of peers might get upset with me for saying that, but I think in the very early stage you have to deliver some custom solutions so you understand the space – you understand the problem – better. Then, over time, you have to start to look at the market direction and decide: How do we innovate beyond the requirements that we're seeing from our customer? And how do we build for the future as opposed to just building for our customer? So the company's got to morph over time. A lot of people can't get that either, in that they can't cut off from the customer. So they continue to deliver custom solutions or they just don't look into the future, because things are rosy and they're making money from the existing customers that they have. So a foreign competitor comes in and just stomps all over them. A key thing is being able to recognize what you're doing, and what stage you're at, and then being able to transition the company through the different stages as smoothly as possible. It's not just one big exercise. It's multi-stage. Your personnel – everything – is affected. It's important to understand that."

13. Do you see yourself as an entrepreneur first, or a technology specialist first?

"That's an interesting question. I like applied technology, so I don't like technology for technology's

WAYNE PURBOO

- **Born/raised/age:** St. Thomas, Jamaica/Mississauga, Ont./40.
- **Education:** Studied computer science at McMaster University and business administration at Ryerson.
- **Family:** Wife Nigela, three sons: Cole, 7, Christian, 6, Camden, 5.
- **Career:** After graduating from McMaster, Purboo joined California-based Network Computing Devices (NCD), working out of Toronto. After leaving NCD, he became chief technology officer of billing-system provider Solect Technology Group, which was acquired by Amdocs Ltd. for US\$1.2 billion in 1998. He remained with Amdocs as vice-president of strategy until he founded QuickPlay in 2004.
- **Awards:** Purboo was named as one of Canada's Top 40 Under 40 by Caldwell Partners in 2006.
- **Moonlighting:** Sits on boards of private technology companies. Volunteers for Pathways to Education, a program designed to keep kids in school, and Sheena's Place, which helps people overcome eating disorders. Coaches minor hockey and soccer in Oakville, where he now lives.
- **Passions:** Technology, sports.



Wayne Purboo won Top 40 Under 40 honours.

sake. I actually get really excited about the implementation of technology and how technology can be used to better people's lives and to entertain people. I don't get so riled up on technology without there being some real benefit to it. So I think I'm more of an entrepreneur than a technologist. (This view) is morphing over time. If you'd asked me the question 10 years ago, I would have told you I was a technologist. But I'm becoming more and more focused on how technology can be consumed."

14. What was the first company that you launched?

"The first one that I didn't launch, but was a principal in, was Solect Technology Group. Right after I left NCD, which was the California company (mentioned earlier), a friend of mine who was running Solect asked me to join. I did a lot of jobs there, from engineering to sales, and ended up being the (chief technology officer.) We sold the company in 1998 for US\$1.2 billion, which is still the largest private technology

(acquisition) deal in Canadian history."

15. What was your role in that takeover?

"When we were acquired, I was running strategy for Amdocs, a huge telecom billing company. I did all the technology due diligence. It was pretty overwhelming (to be involved in a deal that big). We were still pretty young. We had a great company and it was growing. We had a number of companies from around the world – some very big companies, like BP (British Petroleum) and Bell Canada. For me, it was a bit of a shock that we were bought. We were about to IPO, and this was a pre-emptive transaction. It was my first time being that close to a transaction, so I learned a lot – how it happens and what happens and all of the different components. Obviously, it's a huge feather in our caps for all of us that worked on it. It was a very successful deal. It pumped \$330 million across our (350-400) employees in Canada, so it was a lot of money that went into the Canadian economy. It's very

QUICKPLAY MEDIA

- **Brass:** Wayne Purboo, co-founder, president and CEO; Raja Khanna, chief creative officer and co-founder.
- **Profile:** Founded in 2004, QuickPlay is a privately held firm that has approximately 80 employees and revenues under \$10 million per year. The firm's OpenVideo service delivery platform manages and delivers mobile TV and video services. Customers include Rogers Wireless, Telus and Bell. QuickPlay also provides video content from major broadcasters, including CBC, ESPN, The Score, MTV and CHUM Television, while the same media companies are customers that use QuickPlay technology to make their content more easily available to several telecom carriers. Last year, QuickPlay won the Canadian New Media Company of the Year Award, after earning honours for the most promising new firm in 2005.
- **Corporate Structure:** QuickPlay is a privately owned firm funded by venture capital companies.
- **Website:** www.quickplay.com
- **HQ:** 43 Hanna Ave., Toronto, M6K 1X6
- **Phone/Fax:** 416-916-7529/416-535-2415

important that entrepreneurs continue to create value. We created a lot of value."

16. What gave you the idea for QuickPlay?

"I was running strategy for Amdocs and meeting with a lot of carriers and the 3G (third-generation wireless) licence had just happened in Europe. In talking to a lot of (telephone carrier executives), I recognized that they all wanted to have the capability to deliver (content-rich) media to their customers, but they didn't have the infrastructure. So we built the infrastructure."

17. How did you get through that first year?

"A lot of funding. You've got to keep winning customers so that your investors see that it's a good market to be in. But you're not going to recover your investment (right away.) You're going to invest for a number of years and build the product up and then get to some critical mass."

18. How much did you raise when you started QuickPlay?

"The initial raise was about \$300,000. It was mostly me. Actually, it was pretty much all me. In the series A, we raised about \$3 million. In series B, we raised \$14 million. We went on a roadshow and made a big pitch. By that time, we had significant track records,

significant revenues, reference-able customers. It was very easy to raise money. It's a great market. It's the fastest-growing market in mobile content, so it's actually pretty easy to raise money."

19. What intellectual property issues come into play when you're aggregating the content?

"Most of it, like with ESPN, MTV, CBC or any of these guys, they really want to control their content. We support something called forward locking. So once it's on the device, they can't forward it. It's associated with that device."

20. If you couldn't be at the helm of QuickPlay anymore, what would you do?

"I want to get to the point where I can do more not-for-profit work, because I see the same sort of issues – fund-raising and being able to solve a problem and things like that. I really think by the time I get to 45 and I'm a little bit older, I can carve up my time and do not-for-profit work. I think there's definitely a need to give back. It's one of the reasons I coach, and I have three kids in the system. At this (minor sports) level, it's all volunteer. I feel a definite need to do more for the community."

(Monte Stewart can be reached at monte@businessedge.ca)

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Business Edge

HABITAT from Page 7

Quota system may provide incentive

Kariya wants a more limited season opening, revisions to fishing areas and reduced harvests. He says the value, and ultimately the market price, of the fish should be increased in the spirit of conservation and wants the industry to build in the cost of habitat restoration.

Kelly, who has worked closely with Kariya, calls limited openings and revised fishing areas "an excellent idea."

He says the Salmon Table, a group that includes the Sto:lo and other lower Fraser River First Nations, commercial fishers, recreational anglers and environmentalists, has been discussing the idea of a smaller opening that would limit the number of boats that go out or the time that those boats have to harvest fish. The Sto:lo are also seeking to protect the Cultus Lake salmon.

"(Protection of declining species) requires a new way of managing our fisheries," says Kelly. "It requires the regulators – the Department of Fisheries and Oceans – to step up to the table and manage fisheries differently."

Canfisco's Morley says the commercial industry has already changed many of its salmon-harvesting practices. The industry has reduced exploitation rates, which refer to the catch of spawning fish on the Fraser, to 40 to 50 per cent for sockeye and 20 to 25 per cent for other species, from as high as 70 per cent.

He adds a quota system could provide incentives to fish more selectively in return for a larger allocation of fish.

Vancouver-based raitour operator Rocky Mountaineer Vacations Inc. is providing the Pacific Salmon Foundation with \$400,000 over eight years to find ways to enhance the awareness of train passengers about the salmon industry and restore fish habitat.

Rocky Mountaineer president and CEO Peter Armstrong says the company has an obligation to "give something back" because its trains roll along rivers and serve wild salmon.

Armstrong also has a personal motive: He says he wants to be able to take his grandson fishing in the future. If all companies fulfil their obligation to look after the land and salmon, he adds, the bounty that the fish provide people will continue well into the future.

"Sometimes it's just our ignorance (that prevents the use of new fishing technologies and

techniques), and the Pacific Salmon Foundation has a great role to play in educating people," says Armstrong. "I don't think (Kariya) is chastising people. He's working with them to find new solutions."

— with files from *The Canadian Press*
(Monte Stewart can be reached at monte@businessedge.ca)

Ottawa moves to help farmers

The Canadian Press

Farmers who suffered through drought and mad-cow disease will begin receiving cheques this month as part of a \$1-billion program to stabilize the industry, the federal agriculture minister says.

The announcement by Chuck Strahl backs up a commitment from the spring budget to change how producer subsidies are delivered and to create a new savings account for future aid.

Strahl said the old Canadian

Agricultural Income Stabilization (CAIS) program, created in 2004, left many producers in bureaucratic limbo, filling out complicated forms with no guarantee they would qualify for the funds.

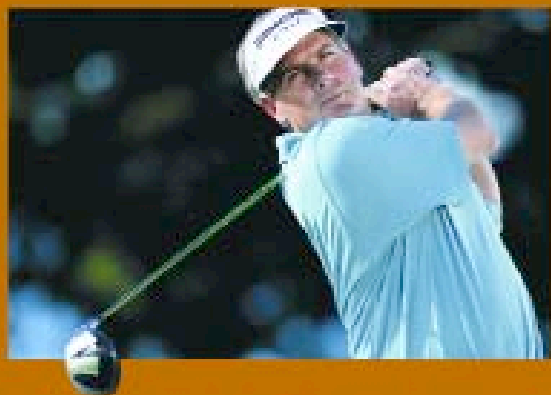
"What has become clear is that many farmers say the programming was just so complex and so difficult to administer that they've almost given up," he said.

"We made a promise to change the programming and we're going to keep that promise – this is going to help many

farmers have predictable programming."

Of the money, \$400 million will go directly to producers who apply for the cost of production aid, which covers soaring fertilizer, fuel and labour costs between 2000 and 2004.

Strahl said those who applied under the old CAIS program will be eligible to receive the cheque. Those who didn't participate in CAIS or began farming after 2004 can send in an application to receive the subsidy.



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Storied CP Rail's doors are open for new owner

Icon rejected takeover bid, but more expected

The Canadian Press

Created more than a century ago with the mission of helping build a nation by uniting its people from coast to coast,

Canadian Pacific Railway has become the latest buyout candidate and could soon join a growing list of Canadian business icons taken over by foreign companies or private investors.

An imminent takeover of the operator of Canada's second-largest railway isn't in the cards, as the Calgary company confirmed it had rejected takeover discussions with Toronto-based Brookfield Asset Management

Inc., a company formerly known as Brascan.

But CP Rail indicated the doors remained open for future discussions, which means it could be only a matter of time before the 120-year-old freight hauler gets a new owner. If it's not Brookfield, it could be other private investors, or one of many U.S. rail companies looking to integrate their operations in a continental network.

If CP Rail is acquired by a foreign buyer, it would join Inco, Dofasco, Falconbridge, Alcan and Hudson's Bay Co. to be swallowed up by U.S. or overseas companies. Meanwhile, BCE Inc. is in a deal to be acquired by the Ontario Teachers pension fund.

While many of these companies have been business icons for decades, few have the storied history of CP Rail, founded in 1881 to link Canada's populated centres in the East with the relatively unpopulated West.

The idea first surfaced in July 1867, when Canada's Confederation brought four eastern

provinces together to form a new country.

As part of the deal, Nova Scotia and New Brunswick were promised a railway to link them with the two central Canadian provinces – Quebec and Ontario.

It was the promise that a transcontinental railway would be built within 10 years that brought British Columbia into Confederation four years later.

On Oct. 21, 1880 a group of Scottish-Canadian businessmen finally formed a viable syndicate to build a transcontinental railway. The Canadian Pacific Railway Co. was created on Feb. 16, 1881.

The engineering feat was completed on Nov. 7, 1885 – six years ahead of schedule – when the last spike was driven at Craigellachie, B.C.

The Canadian Pacific Railway grew into Canada's first conglomerate, to include hotels, real estate, shipping, and oil and gas businesses.

CP Rail built some of its own steam locomotives as early as 1883. It would later build its

own rail passenger cars, making it second only on the continent to the Pullman Co. of Chicago.

The Canadian Pacific conglomerate was split up in late 2001 and CP Rail became an independent company widely owned by retail and institutional investors.

The rail operator was the last of Canadian Pacific's main operating companies that were spun off – which included PanCanadian and Fording Coal, CP Ships and CP Hotels – to remain independent.

CP Rail now operates in Canada and the U.S. with a 22,500-km rail network that serves the principal centres of Canada, from Montreal to Vancouver and the U.S. northeast and midwest regions. Alliances with other carriers extend its market reach throughout the U.S. and into Mexico.

The company employs about 16,000 people and carries everything from grain and coal to lumber, potash and manufactured goods such as cars, appliances and furniture.

'Narcissistic' CEOs like to roll the dice

CP/AP

The bigger the ego, the wilder the ride.

Companies led by narcissistic CEOs tend to make more frequent strategy changes and larger acquisitions, according to a new study by Penn State University researchers.

"More narcissistic CEOs gravitate to bold and highly visible choices," writes Penn State management Prof. Donald Hambrick and graduate lecturer Arijit Chatterjee. "Thus, narcissism may be thought of as an ingredient that stimulates distinctive, extreme managerial actions."

But the moves do not always amount to success.

"The greater the narcissism, the more extreme the companies' performance will be. Big wins or big disasters," Hambrick said.

While there might be more ups and downs, companies led by more narcissistic CEOs don't do better or worse overall than companies with less narcissistic executives, the study found. "It's just a wilder ride," Hambrick said.

Researchers measured the narcissism of 111 CEOs of computer software and hardware companies using indicators including the prominence of a CEO's photograph in a company annual report, the frequency of a CEO's name in a press release and the executive's pay compared to the second-

highest company official.

They also looked at transcripts of interviews with CEOs to study how often a first-person singular pronoun was used.

Hambrick and Chatterjee developed an index, ranked the CEOs according to their levels of narcissism and analysed company performance. Their study will be published in the January 2008 edition of the journal *Administrative Science Quarterly*.

Hambrick had consulted in the computer sector before, so he focused on that business because he had a hunch there might be a variation among executives' egos, he said.

He credits former Chrysler chairman Lee Iococca as being the forefather for today's flashy CEOs.

The style has also been encouraged by factors including increasing emphasis on "pay-for-performance" stock options and a company's willingness to hire executives from the outside, he said.

Charles Elson, director of the Weinberg Center for Corporate Governance at the University of Delaware, said he wasn't surprised by the study's findings.

"This only emphasizes the need for strong independent boards to monitor these individuals," Elson said. "This really makes the point for effective corporate governance procedures in publicly traded companies."

Maple Leaf to close pork plant

The Canadian Press

Maple Leaf Foods (TSX:MFI) says it will close its Marion Street pork-processing operation in Winnipeg in October and move the work to its plant in Brandon.

The Marion Street operation employs 145 people and processes between 15,000 and 20,000 hogs per week, the

Toronto-based food company says.

Maple Leaf says it expects to provide other positions for the salaried employees currently at the Marion Street plant.

Some of the hourly workers will have a chance to work at other Maple Leaf plants. Others will get financial support and outplacement and employment counselling services.

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Securities law enforcement seen as weak

The Canadian Press

Canada's securities law enforcement system has failed in three years to bring any major cases to trial – including that of Conrad Black – and needs significant improvements before it will carry any weight, legal experts say.

In the past few years, Canada has poured \$120 million into an RCMP securities enforcement project with nine teams across the country.

But it won't be successful, critics say, unless it follows five recommendations from a widely cited recent report co-authored by former Supreme Court justice Peter Cory, now chancellor of York University, and Marilyn Pilkington, a professor at York's Osgoode Hall Law School.

Cory and Pilkington said the RCMP integrated market enforcement teams (IMETs), which also include civilian financial experts, have so far not accomplished much for several reasons:

- Commercial crime isn't seen as an urgent priority and RCMP officers tend to be seconded to other units and projects, draining resources.
- RCMP officers who seek promotions for career reasons must leave the unit to move up to a higher rank, disrupting investigations.
- The units need an independent senior supervisor, such as a former prosecutor, to keep cases tightly focused and moving forward.
- The teams need more civilian financial experts to bolster their brain trusts.
- There has been a high turnover at the senior command level; each new commander needs to be educated about the unit and its importance.

"What they have done has not engendered confidence," Pilkington said in an interview. "They haven't established they are effective. One of the key things is to have accountability and discipline in the investigation. There has to be someone who can exercise tight accountability. Nail it down and get moving. The investigations can't drag on and on."

So far, there is no independent person, from outside the RCMP, doing that, she said.

Long investigations are unfair to suspects and are ineffective deterrents, Pilkington said.

"The establishment of independent market enforcement teams created the expectation that important capital markets frauds would be investigated, but when they had taken on nine or so cases, they then advised that they were at

QUOTE . . .

"In Canada, we are not doing our part to crack down on white-collar crime. Very few people have been convicted in Canada."

— Claude Lamoureux,
president and CEO of the
Ontario Teachers' Pension Plan

capacity and could not take on another important case," she said. "There isn't capacity elsewhere in the system to take on these cases. Most municipal and provincial police forces are focused on other issues."

Meanwhile, Claude Lamoureux, the president and CEO of the Ontario Teachers' Pension Plan, said the problem is systemic.

In a recent article, Lamoureux heaped praise on the Cory-Pilkington report, noting it found many high-profile cases in Canada have gone unprosecuted, there are few real deterrents to insider trading, investigations are not managed effectively and "securities commissions as both regulator and adjudicator have the appearance of bias."

He also said it revealed that police and prosecutors lack the specialized knowledge of capital markets they need to deal with white-collar crime.

"Shareholders are unhappy about being unable to obtain compensation for losses caused by wrongdoing," Lamoureux wrote.

And Canadian legislators are apathetic about white-collar crime, he said in an interview.

"In Canada, we are not doing our part to crack down on white-collar crime. Very few people have been convicted in Canada," said Lamoureux, who argues the solution lies with Parliament.

"Our laws need to be changed to make it easier. Somehow we don't think this is important. Everyone's blaming the other guy and in the end nothing gets done."

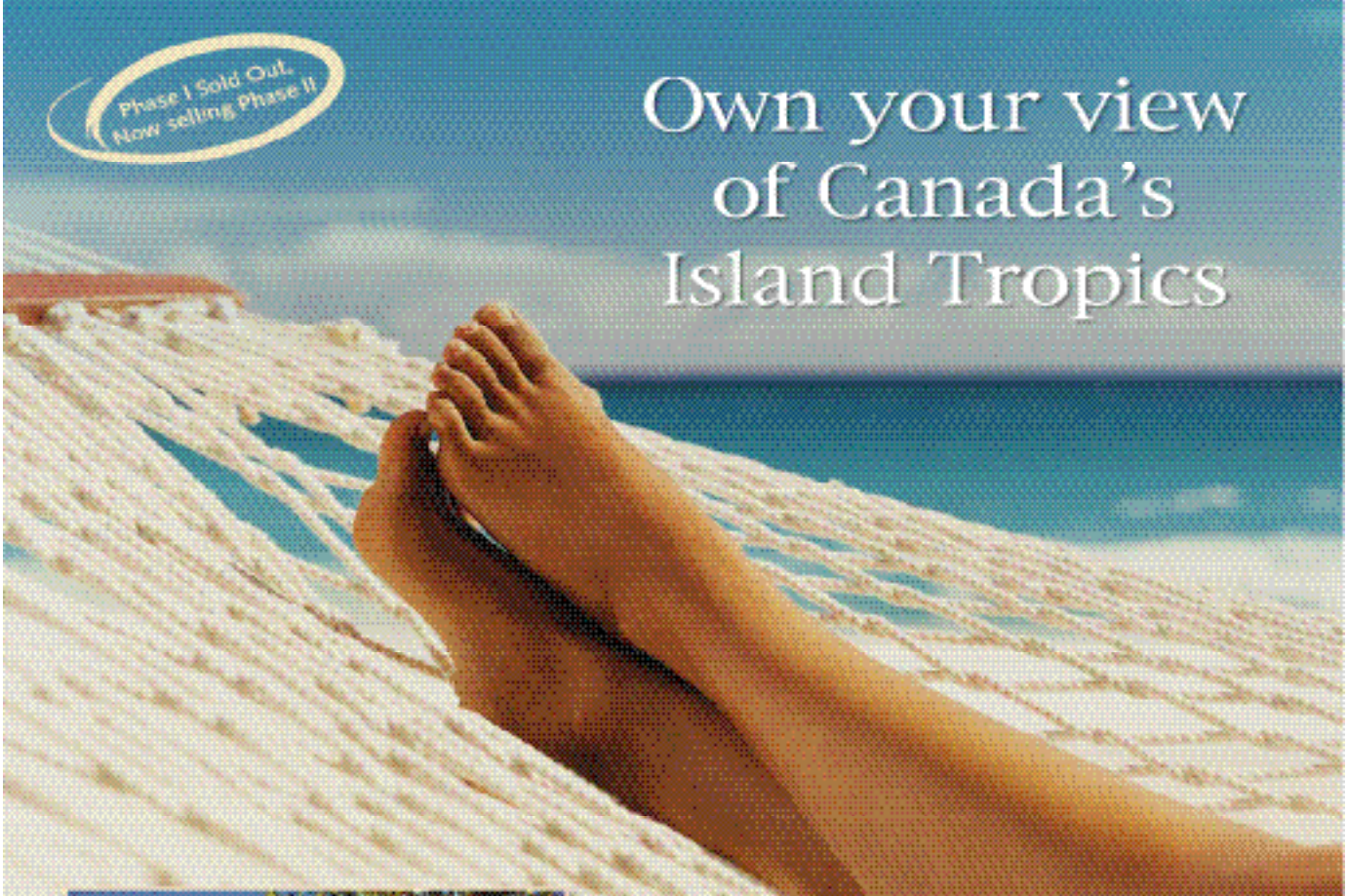
For example, boiler rooms,

which promote, sell and then manipulate stocks to rip off naive investors, are much easier to operate in Canada than in the U.S., Lamoureux said.

The Cory-Pilkington report was discussed at a conference last month on securities law enforcement at Osgoode Hall, at which Jim Flaherty, the federal finance minister, called for a national securities regulator.

Meanwhile, more suggestions for improvement are expected soon from Nicholas LePan, a former superintendent of financial institutions, who is studying the effectiveness of the RCMP teams.

Meanwhile, pensioners have formed a new group to lobby for better enforcement. The Common Front for Retirement Security, announced last week, is an umbrella organization of seniors' and retail investor associations.



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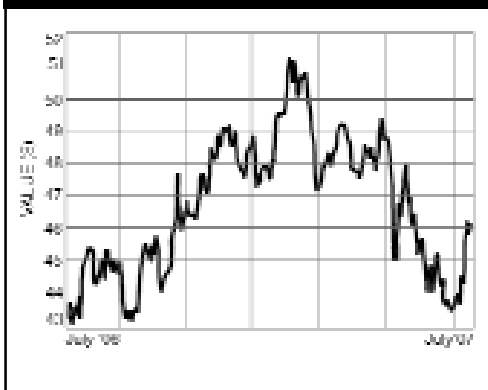
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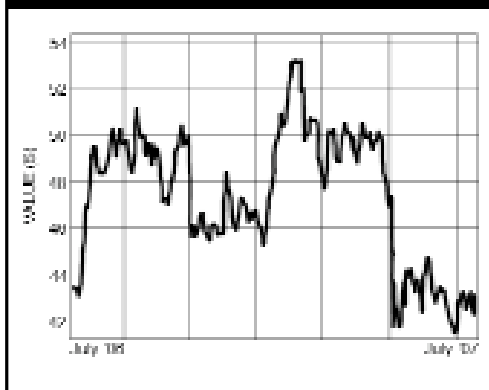
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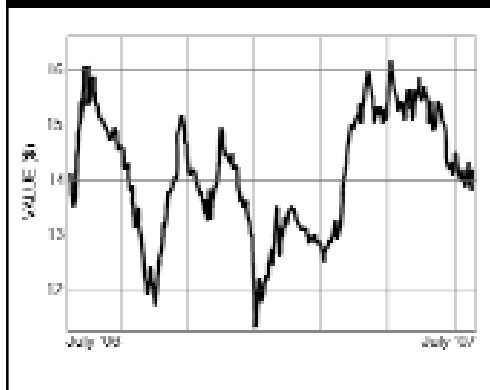
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Pynn struggles to pick out bargain stocks

Sees financial services sector as 'place to hide'

(Business Edge writer Sasha Konotopetz regularly profiles the top stock picks of some of Canada's most accomplished investment pros.)

FEATURED PRO: Fred Pynn is president, chief investment officer and a portfolio manager with Calgary-based **Bissett Investment Management** (www.bissett.ca).

Fund Form: The **Bissett Canadian Equity-A Fund** has a one-year return of 19.1 per cent compared to the group average of 19.5 per cent (through June 30, 2007). The fund has an annualized return of 8.8 per cent since its inception in March of 1983.

Management

Expense Ratio: 2.6 per cent.

Pynn's Strategy: "It's been harder to find stocks (recently) and this is mostly because the market is so strong. The (S&P/TSX Composite Index) hits new highs almost every day. The stock market is going up faster than earnings, so valuations are increasing, and this is occurring against the backdrop of higher interest rates, so it's getting much more difficult to find stocks to buy at this point in time.

"This year, financial services stocks are approximately flat against a market that is up quite substantially year to date. I think the financial services sector has already felt some of the pain from the higher Canadian dollar and higher

PRO'S 3 STARS

interest rates, while other groups in the market have continued to move up. I think that (the financial services sector) is a good place to hide."

FIRST STAR

■ **Thomson Corp.** (TSX:TOC)
■ **Recent Price:** \$45.80.
■ **52-Week Range:** \$42.50-\$51.95.
■ **Snapshot:** Thomson is a global provider of integrated information solutions to businesses and professional customers in the fields of tax, law, accounting, financial

services, scientific research and health care.

■ **CEO:** Richard Harrington.

■ **Head Office:** Toronto.

■ **Vital Stats:** Price/Earnings Ratio, 29.9; Revenue (last 12 mos), \$6.5 billion; 5-Yr Revenue Growth, -1.7 per

cent; Earnings (last 12 mos), \$990.4 million; 5-Yr Earnings Growth, 12.7 per cent; Market Cap, \$29.3 billion; Shares Outstanding, 640.3 million; Dividend Yield, 2.23 per cent.

■ **Pynn's View:** "Thomson has sold virtually all of their businesses that distribute on paper, so their (distribution) is almost completely electronic. In the short run, the issue that could hold back the stock a bit is their acquisition of (Reuters Group). Basically, Thomson and Bloomberg will be the main (information solutions) providers to the financial services sector, globally. The fit between Thomson and Reuters makes a lot of sense, but because the deal is a combination of cash and shares, the

stock could be range-bound and there are going to be a lot of approvals that they're going to need to put the two companies together. The stock has been a little bit sloppy since the announcement of the acquisition, so we think it's a good time to buy."

■ **Risk Rating:** Moderate.
■ **Web Watch:** www.thomson.com

SECOND STAR

■ **TSX Group Inc.** (TSX:X)
■ **Recent Price:** \$42.57.
■ **52-Week Range:** \$40-\$53.47.
■ **Snapshot:** TSX group operates Canada's two national stock exchanges: Toronto Stock Exchange, serving the senior equity market, and Toronto Venture Exchange, serving the public venture equity markets. The company also operates Natural Gas Exchange, a leading North American exchange for the trading and clearing of natural gas and electricity contracts, and Shorkan Brokers Ltd., which is the country's first fixed-income inter-dealer broker.

■ **CEO:** Richard Nesbitt.

■ **Head Office:** Toronto.

■ **Vital Stats:** Price/Earnings Ratio, 22.1; Revenue (last 12 mos), \$366 million; 5-Yr Revenue Growth, 14.4 per cent; Earnings (last 12 mos), \$133.2 million; 5-Yr Earnings Growth, 34.3 per cent; Market Cap, \$2.92 billion; Shares Outstanding, 68.6 million; Dividend Yield, 3.57 per cent.

■ **Pynn's View:** "This stock has been punished because the banks are talking about setting up an alternative trading platform for equities in Canada. The stock has been under pressure because of potential competition, but we think that the competitive threat is quite small. This could turn out to be just a way of negotiating

with the TSX to lower their fees. We think there could be some reduction in their profitability going forward, but we also think that they will still remain very profitable and continue to grow. Starting in 2009, they will be able to get into derivatives – they have a deal with the Montreal Exchange that prevents them from competing with that exchange – so they have some longer-term growth potential. The company has no debt, very strong cashflow, a large cash balance and you get a 3.5-per-cent dividend yield while you wait."

■ **Risk Rating:** Moderate.
■ **Web Watch:** www.tsx.com

THIRD STAR

■ **NuVista Energy Ltd.** (TSX:NVA)

■ **Recent Price:** \$13.95.
■ **52-Week Range:** \$11.14-\$16.47.

■ **Snapshot:** NuVista is an independent oil and natural gas exploration and production company with properties located in east-central Alberta and west-central Saskatchewan. The company produced 11,692 barrel of oil equivalents per day of oil and natural gas combined in 2006.

■ **CEO:** Alex Verge.
■ **Head Office:** Calgary.

See 3 STARS Page 17



Fred Pynn

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Constellation basks in glow of a lucky star

(Street Life is a regular feature that profiles what's playing in the stock market.)

By Nicole Strandlund
Business Edge

Act I: Dancing with the stars

■ **The player:** Constellation Software Inc. (TSX:CSU)
 ■ **Action:** Up 17 per cent or \$4.01 in a month (from \$23.98 June 13)
 ■ **Recent Price:** \$27.99
 ■ **52-week high/low:** \$27.99/19.50

A constellation's star count may grow as astronomers make new discoveries in the sky, but Toronto's Constellation Software may be setting a record for growth-by-absorption.

At the end of May, the vertical market software company completed (through a subsidiary) its fifth acquisition in 2007, and the 11th since Constellation went public in May 2006. Granted, some of those acquisitions have been small – but not all stars are the same size.

The purchase in May involved the business assets of AEK Computers, a small Illinois-based software firm focused on the recreation industry and government agencies. In mid-June, Constellation shelled out again, this time making a US\$4-million investment in Atlanta-based VCG Inc., a supplier of staffing and recruiting software.

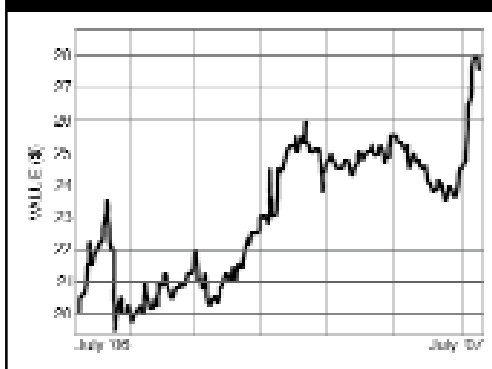
But why stop at 12? Constellation acquired lucky 13 in July, buying Maryland-based Mainstreet Software Corp.

As a result, shareholders must be thanking their lucky stars – the stock is up 17 per cent in the last month, and 53 per cent since going public (from \$18.30 on May 19, 2006).

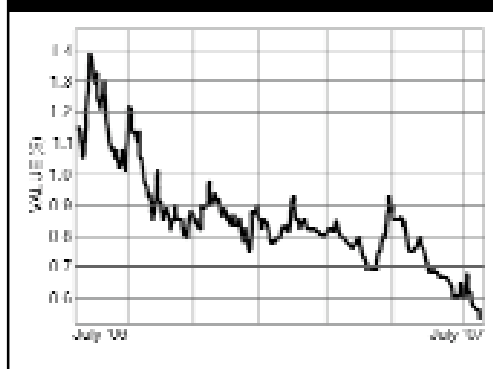
Act II: Limping Laser

■ **The player:** Royal Laser Corp. (TSX:RLC)

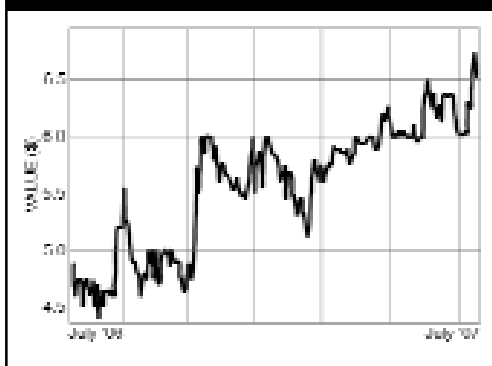
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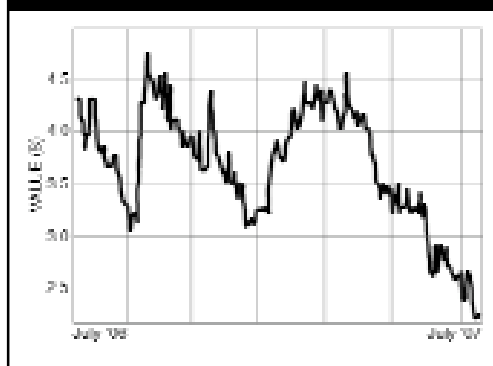
ROYAL LASER CORP.



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STREET LIFE: ANALYSIS

■ **Action:** Down 16 per cent or \$0.11 in a month (from \$0.67 June 13)
 ■ **Recent Price:** \$0.56
 ■ **52-week high/low:** \$1.39/0.56

"Challenging" rarely means positive news in a financial release. But how else could Royal Laser describe its past fiscal year?

During the twelve months ending March 31, the Toronto-based custom metal and wood products manufacturer acquired Venture Steel Inc., which brought increased revenue (pushing the 12-month result to \$240 million), but was affected by a weak North American auto industry, resulting in lower-than-anticipated sales. The company

posted a net loss of \$3.9 million for the fiscal year.

In March 2007, Royal Laser also chose to turf plans to acquire the creditor-protected assets of Hamilton Specialty Bar Corp., as a result of failed negotiations with its labour union, United Steelworkers Local 4752.

Royal Laser's stock recently hit a new 52-week low at \$0.56. Getting back up? That's the real challenge.

Act III: Bright future

■ **The player:** Intermap Technologies (TSX:IMP)
 ■ **Action:** Up six per cent or \$0.37 in a month (from \$6.23 June 13)
 ■ **Recent Price:** \$6.60
 ■ **52-week high/low:** \$6.50/4.20

Remember the days when you had to turn your driving lights on manually? Or, heaven forbid, the really olden days

when you stepped on a floor switch to turn your brights on? Times have changed. And they're changing still.

Denver-based Intermap Technologies, which has offices in Calgary and Ottawa, has been humming along building a database of digital geometric maps that include elevation data. And a few days ago, the company announced a deal to supply 3D elevation data and geometries for the entire country of Germany to Visteon Corp., an international automotive technology developer.

No, this won't turn into another dash-mounted route planner. Instead, the initial focus of the joint project is for predictive adaptive front-lighting systems. That's right – the car of the future will anticipate the road ahead and direct its headlights to afford the driver better visibility, even before

heading into a curve. Technology like that can make for a sweet ride; especially for shareholders, who must be loving the stock's new 52-week highs.

Act IV: Trouble for Teknion

■ **The player:** Teknion Corp. (TSX:TKN)
 ■ **Action:** Down 24 per cent or \$0.70 in a month (from \$2.90 June 13)
 ■ **Recent Price:** \$2.20
 ■ **52-week high/low:** \$4.80/2.20

Weakening industry growth and the negative effect of exchange rates resulted in an ugly quarterly financial release for Toronto's Teknion Corp., an office systems and related office furniture company.

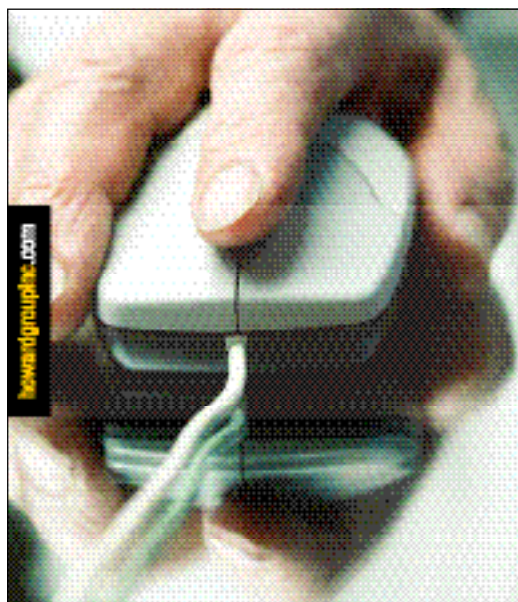
For the quarter ending May 31, 2007, sales were \$166 million, fairly close to the \$164 million in the same quarter in 2006. But the net earnings tell the story; \$150,000 for the 2007 quarter, compared to \$5.8 million in the same quarter the previous year.

As if that wasn't enough trouble for Teknion, the company also announced a financial restatement. An inventory valuation error in Teknion's Malaysian subsidiary resulted in a \$6.1-million inventory overstatement at Nov. 30, 2006, and overstated net earnings of \$260,000 for Q2 2006 and \$239,000 for the six months ending May 31, 2006. (2006 sales and net earnings numbers above are as restated.)

The stock is down 24 per cent in a month, and has lost more than half its value in less than four months (from \$4.55 March 21, 2007).

NOTE: The above is not intended as investment advice to buy or sell any mentioned securities. Investors should do due diligence before investing. Quotes are based on results through July 16, 2007.

(Nicole Strandlund can be reached at nicole@businessedge.ca)



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Cows, views . . . and room to park the jet

B.C. ranch on the block for cool US\$23.5M

By Monte Stewart
Business Edge

Some property deals depend on how many cars a place can accommodate. This one hinges on room for a plane or two.

The Alexis Creek ranch, near Williams Lake in the Chilcotin district of British Columbia, features a seven-bedroom home with nine bathrooms, sweeping riverfront views, access to several lakes and a free herd of cattle with a few bulls.

But the main dealmaker is likely a 1,500-m paved landing strip, complete with heated hangar, which qualifies as a federally approved commercial airport.

It's probably the least that you'd expect when you consider the property's list price is a cool US\$23.5 million.

The asking price ranks among the highest for ranches in B.C. history. But the Alexis Creek ranch's listing agent does not sound overly worried about a lack of potential buyers.

"Some of them take over a year (to sell)," says Irv Ridd, president and CEO of Cascadia Pacific Realty. "Sometimes, we get surprised."

He says the likelihood of the successful buyer owning a plane is quite high.

The current owner, a Seattle-based electronics firm magnate, parks his plane there every two weeks. But the 70-something owner has decided to sell in order to spend more time with his grandchildren.

The \$23.5-million list price seems paltry in comparison to the record \$93-million sale of the Douglas Lake ranch in 2003



Photo courtesy of Cascadia Pacific Realty Ltd.

The asking price for the Alexis Creek spread, near Williams Lake, ranks among the highest for ranches in B.C.'s history.

to American entrepreneur Stan Kroenke, who owns the NFL's St. Louis Rams, the NBA's Denver Nuggets, the NHL's Colorado Avalanche and many other sports properties.

But the Alexis Creek price is downright lofty compared to the \$5.7 million that the famed 4,000-acre (1,600-hectare) King ranch in southern Alberta sold for in 1997.

Bill Bateman and his son Cody, of Cochrane, bought that place, which was owned by the late reclusive King brothers. But Ridd, who has been peddling commercial and "subjective" sites for about 27 years, expects the buyer for the rural B.C. ranch will likely come from outside Canada.

"Considering who's been buying ranches the last few years, my bet is it will be off-

shore before it's local," says Ridd.

The current owner is due for a nice windfall. He picked up the property for less than \$5 million from German Prince Richard Wittgenstein in 1992.

"But (the current owner) has added millions of dollars worth of infrastructure," says Ridd. "He's added a seven-bedroom and nine-bathroom house, a five-bedroom guest house and apartments for his staff, 10 pivot irrigators and a paved 5,000-ft. DOT-approved (Department of Transportation) Class Two airstrip and hangar."

Cascadia Pacific Realty is an exclusive affiliate of Christie's Great Estates and will market the ranch, first developed in 1887, through the international firm's publications and network.

"I facetiously say that we've got a DOT Class Two airstrip that happens to be surrounded by a ranch," says Ridd. "It'll be a destination for (the new owner) to go and enjoy the lifestyle of his property."

The ranch also contains 331 acres of housing subdivision land, about 10 acres of commercial business development property in the centre of the neighbouring town of Alexis Creek and a substantial but unestimated value of timber in a region hit hard by the mountain pine-beetle epidemic.

Ridd says it's unusual to include cattle in the list price, because cattle have different prices depending on the time of year.

But the cows will be, no pun intended, a moot point.

"Ranchers can't afford to buy ranches anymore – in a lot of areas," says Ridd. "If you want to make money and own a ranch, you've gotta go to Saskatchewan, Manitoba, northern B.C. or northern Alberta – somewhere the land is more reasonable on a price-per-acre basis."

Ridd says he has not calculated the land cost at Alexis Creek – which has 10,000 deeded acres and 250,000 acres of Crown grazing land, of which the ranch has exclusive use – because the price per acre won't matter to the new owner. The buyer will simply want proximity to a major centre.

"It's only 30 minutes by aircraft" from the Lower Mainland, he adds.

(Monte Stewart can be reached at monte@businessedge.ca)

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Mining companies catch eye of private equity funds

The Canadian Press

Private equity funds are poised to move into the bountiful world of base metals, says a report from international accounting firm Ernst and Young.

The so-called "barbarians at the gate" may have steered clear of mining in the past by factors such as the cyclical nature of the industry, political risks and the specialist knowledge required, but current cashflows in base-metals companies are so rich they have begun to attract interest among equity funds.

"If they can buy BCE (TSX:BCE), they can buy BHP," said Ian Slater, who is Ernst and Young's Canadian mining leader, based in Vancouver.

"The mining companies have massive cashflows. They're just churning out cash. They'd be very attractive for private equity," Slater said.

According to the report, big mining companies are now sources of predictable and secure cashflows.

"Major mining companies are running out of capital projects and are aggressively returning cash to shareholders," the report states. "Several of these organizations have unused credit capacity, are consciously unhedged and are aggressively consolidating . . . If metals prices remain high, we expect that these characteristics will only become more pronounced."

Two global deals have taken place in the last year, both in the aluminum sector.

Last August, Texas Pacific Group bought Aleris International for US\$1.7 billion.

And in April, Apollo Management bought Xstrata Aluminum for \$1.15 billion.

Slater said he doesn't know of any private-equity mining deals that have taken place in Canada yet, but said they have already begun sniffing around. There are, however, many candidates.

Globally, there is BHP Billiton, Anglo American, Rio Tinto, Slater said, all of which have colossal cashflows.

The ideal mining company would have assets in areas with low political risk, Slater said.

"You could see a competing offer for Alcan (TSX:AL) or Alcoa. Inmet Mining Corp. (TSX:IMN) is a perfect opportunity. You also have smaller single-mine companies in Canada such as Taseko Mines Ltd. (TSX:TKO) or Northgate Minerals Corp. (TSX:NGX) in B.C.," Slater said.

"Teck Cominco Ltd. (TSX:TCK.B) would also be perfect," though having two classes of shares means chairman Norman Keevil's agreement to sell would be needed, he said.

Since mining companies are already subject to an enormous amount of environmental and other regulations, removing some of the financial reporting requirements of being a publicly traded company could ease some pressure on the compliance side.

George Topping, senior base-metals analyst with Blackmont Capital, said he broadly agrees that some mining companies

would work for private equity in certain circumstances in industrial and base metals, but less so for gold and uranium.

That's because gold and uranium are more expensive.

"You need a low cashflow-to-debt ratio for private equity as they tend to use high leverage," Topping said.

With consolidation, price cycles are likely to be less volatile and remain at higher levels, allowing for more debt to be assumed, Topping said.

"The regulatory environment for mining companies is severe and expensive, particularly for startup situations. Private equity tends to operate

quicker than commercial banks in providing funding. It would allow managers to focus on longer-term strategies rather than the quarter-to-quarter basis presently."

The pressure to produce quarterly profits is clearly paying off for metal company shareholders.



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3 STARS from Page 12

NuVista proving to be energy sector survivor

■ **Vital Stats:** Price/Earnings Ratio, 22.4; Revenue (last 12 mos), \$148.8 million; Earnings (last 12 mos), \$30.7 million; Market Cap, \$728.3 million; Shares Outstanding, 52.2 million.

■ **Pynn's View:** "(NuVista) is a very low-cost producer, with excellent management and offers steady growth, but the reason I would look at buying the stock today would be the fact that natural gas prices are all beaten up. This company is a survivor. In fact, if natural gas prices go even lower, that could cause financial distress in the industry, and with the strong finances and management team that NuVista has, that will just provide them with opportunities to grow their business by making

opportunistic acquisitions."

■ **Risk Rating:** High.

■ **Web Watch:** www.nuvistaenergy.com

■ **Pynn's Edge Record** (last 12 mos): -0.4 per cent.

■ **Best Pick:** Alliance Atlantis Communications (TSX:AAC.B) +37.4 per cent. ■ **Worst Pick:** Kingsway Financial Services Inc. (TSX:KFS) -22.6 per cent.

■ **Disclosure:** Pynn owns shares in the Bissett funds in which the featured stocks are held.

(This feature is provided for informational purposes. Investors are advised to do their own research or consult a qualified investment professional before making investment decisions.)

Edge@Work

Employee engagement a hot-button issue

Companies face daunting task to keep workforce productive

By **Rene Mauthe**
Business Edge

In today's hyper-competitive employment market, finding the right employees is a big challenge.

But keeping an existing workforce productively engaged in their work, while making sure staff have the most current training and skills, is also a daunting task for many Canadian companies.

Experts agree that this involves different but complementary strategies that will help boost productivity and a company's bottom line.

"If you can win the war for retention, the war for talent is immaterial," says Sean Slater, national practice director with Ceridian Canada, an employee benefits and human resources firm. "If you don't have too many empty spaces to fill, you don't have to compete for talent."

"It's about what you can do to add to the employee experience so employees are more likely to stay with you. Part of it is creating an environment they want to work in."

With recruitment and replacement costs ranging anywhere from three-quarters to 1.5 times an annual salary per employee, companies have to make sure their employees perform at their best, he adds.

"You've spent all this time to get these employees. What are you going to do to wrap your arms around them?" he says.

Employee engagement – making sure that staff care deeply about their work and their organization – has become a hot-button issue for many firms, says Carol Kinsey Goman, a California-based change management consultant.

"Engagement levels are going down in every industry. That's because the economy is going up and job opportunities are out there."

The percentage of the workforce that is engaged and highly committed to making their organization succeed is only about 29 per cent, Goman says. Another 50 per cent are not engaged, but they're not disengaged, either. "They don't really give a lot of effort to what they're doing."

The remaining 20 per cent of employees who aren't engaged are the ones that truly test an organization's leadership, she adds.

The effects of improving employee engagement are tangible, Goman notes.

"Engaged employees stay. They're more likely to speak highly of the company. They're more likely to refer their friends for jobs."

"When you add all of this together, it becomes a very big piece of the productivity and profit picture. Engagement leads to higher performance, which leads to higher productivity and profits."

Productivity and profits are also tied to increased training, says Allan Bailey, CEO of Learning Designs Online, a training firm based in Mississauga.

Bailey recently completed a study for the Canadian Council on Learning's Work and Learning Knowledge Centre called *Connecting The Dots . . . Linking Training Investment to Business Outcomes and the Economy*.

One of the study's key findings was that Canada's economic growth has been lagging precariously behind that of its major competitors, such as the U.S. "It seems clear that this downside is rooted in a chronic national blindspot – a lack of awareness that investing in the human capacity of Canada's workforce is paramount to success," the study says.

Bailey notes that even a basic comparison highlights the training shortfall.

"Less than 30 per cent of all Canadian working people ever receive training," he says. "In this economy, this puts us in a rather invidious situation vis-à-vis our competitors. In the U.S., about 45 per cent of workers receive training."

"It dovetails with other worrying statistics that have been floating through the ether over the last number of years. One of them is Canada's productivity growth, which is about a quarter that of the U.S. and has been for the last decade."

Canada's competitiveness slipped from sixth place in the late 1900s to 15th place as of 2004, Bailey notes.

"In Canada, we're recogniz-

QUOTE . . .

"If you can win the war for retention, the war for talent is immaterial. If you don't have too many empty spaces to fill, you don't have to compete for talent."



– Sean Slater, national practice director with Ceridian Canada, a national employee benefits and human resources firm

ing only now that a lot of our productivity problems are traced to a lack of emphasis on training," he says.

"More and more these days, you need employees who are able to compete in the knowledge economy."

"In Canada, something like 40 per cent of the Canadian workforce has not (achieved) the level of skills needed to compete effectively in the knowledge economy."

Bailey says several factors

have combined to push staff training to the lower echelons of many organizations' long-term agendas.

"Typically, historically, training has been seen as a soft benefit to an organization. It has been, until relatively recently, very difficult to imagine how to measure the value of your investment in training."

"In company accounting, it's kind of counted as a hidden cost, a discretionary cost. It's never been looked at from the

perspective of what it returns to the business."

The return on investment (ROI) from staff training is significant; studies in Australia and Ireland across a wide range of enterprises found ROIs for training ranging from 38 per cent to more than 100 per cent, the *Connecting the Dots* study found.

Bailey notes that staff training has to be directed toward business goals, and that senior managers shouldn't worry about their staff taking flight once they receive extra training. Giving an employee the opportunity for extra training and enrichment typically builds loyalty, he adds.

However, many small to medium-sized enterprises lack the managerial or human resources expertise to develop proper training systems, Bailey notes.

Ceridian Canada's Slater says a focused staff-training system can become an integral part of an employee assistance program (EAP).

The presence of a comprehensive EAP can also help deal with the personal issues that can sap an employee's morale and productivity, he adds.

See @WORK Page 19

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Entrepreneur takes charity to new heights

Corporate HQ features special 'Shamba' space for local events

By **Eli Schuster**
Business Edge

Anthony Lacavera doesn't just believe in donating his time and money to worthwhile charities. He is incorporating philanthropy into the operating culture of his business and into the daily lives of his employees.

Lacavera, 33, is the founder and CEO of nine-year-old Globalive Communications Corp.

With 175 employees in Toronto and another 50 in sales offices across the country, Globalive operates under two main brands: YAK Communications, which handles a full array of long-distance calling cards and cellular long-distance services to residential customers; and One Connect, which offers hosted VoIP services to 5,000 small businesses across Canada.

Lacavera founded Globalive one year after finishing a corporate engineering degree at the University of Toronto.

Globalive and Lacavera have a history of philanthropy.

Once, while serving as a sponsor for the Art Gallery of Ontario's "Massive Party"



Catherine Farquharson photo courtesy of Globalive Communications
Globalive founder and CEO Anthony Lacavera takes a break in the space set aside for charities.

fundraiser, Lacavera noticed that many of his own employees wanted to help out. This incident gave him an idea that would make charitable work fun and easy for them, and make philanthropy a part of Globalive's daily routine.

Globalive's new corporate headquarters at Yonge and Wellington – in the heart of Toronto's financial district – includes a 2,500-sq.-ft. outdoor patio "Shamba Space" on its 12th floor that can be used by local charities at no cost.

Named after the Swahili

word for "farm," the Shamba Space offers charities a heated, environmentally friendly cedar, bamboo and travertine stone "urban farm" overlooking Lake Ontario and the lights of downtown Toronto.

Shamba Space provides charities with a first-class venue, including catering, a full kitchen, 14-ft. glass bar, three meeting rooms, security card access and a state-of-the-art audio-visual system featuring an LCD projector, DVDs, Internet display options, a 60-in. plasma screen TV and 10 smaller television sets.

The space can be used for a sit-down dinner of 80 to 100 people, or a cocktail party for 200.

Lacavera thinks the location is one of the biggest selling

points because "downtown is key."

It is a five-minute walk for tens of thousands of commuters, and it could easily attract wealthy, upwardly mobile professionals looking for an after-work destination.

As the head of a private company, Lacavera did not want to discuss numbers.

Asked about the amount of money Globalive invested in Shamba, Lacavera described it as "sizable" and reluctantly put it "well into the hundreds of thousands of dollars," adding that it would likely cost "tens of thousands of dollars" to rent out a similar venue for an event.

Lacavera said that Globalive receives "no direct financial benefit" from establishing the

Shamba Space, aside from the indirect benefits of raising its corporate profile in the business community.

The first Shamba Night Patio Party will take place on July 31 with an event for Little Geeks, a new Toronto-based charity that collects, refurbishes and redistributes donated home computers to disadvantaged children.

Andy Walker, founder of Little Geeks, said that "Shamba came along at a perfect time" for his organization, which is in the process of raising money for its long-term future.

Since Little Geeks is looking to partner with local high-tech companies, "downtown space is critical" for fundraisers.

He estimated that his group would have to spend between \$3,000 and \$5,000 for a typical venue in downtown Toronto to hold a comparable fundraiser.

"This is magic for us," said Walker, adding his group is "trying to fill our coffers and get on our feet."

Little Geeks can raise an impressive \$200,000 by selling two hundred \$100 tickets – enough to make a long-term rent commitment and become established.

Walker said his group is thinking of branching out into the Niagara region, and has spoken to individuals in Los Angeles, Oklahoma City and Florida who are interested in developing similar projects.

The Shamba Space has also been booked for fundraisers for Habitat for Humanity and POGO, a children's cancer charity.

Interested charities can call 1-877-SHAMBA-1 or visit www.shamba.ca

(Eli Schuster can be reached at schuster@businessedge.ca)

@WORK from Page 18

'Soft stuff' helps improve company's bottom line

"Every day, 30 per cent of an employee's effort at work is discretionary. It's really contingent on the level of engagement if the employer's going to get that 30 per cent or not," Slater says.

"Presenteeism – showing up at work and not really being there – is a huge expense and huge risk to any company."

Many factors can pull an employee's attention away, including illness, child-care issues, financial pressures, drug and alcohol abuse, and family concerns, he says.

Well-developed EAPs can become a powerful tool for managers and supervisors as they work to retain and develop their workforce, he adds.

"The 'bumper sticker' around that is people don't quit their jobs, they quit their managers,"

Slater says. "It really comes down to helping managers. A good full-service EAP is providing as many services to managers as it is to their employees and their families.

"Ultimately, that is going to drive the business results the employers are searching for."

Carol Kinsey Goman agrees that astute managers and organizations need to focus on the "soft stuff" to help boost productivity and the bottom line.

"When you show people they're not just cogs in a machine, that they're individuals with lives outside the organization, you're going to find your engagement scores zooming and your productivity and profits going up."

(Rene Mauthe can be reached at rene@businessedge.ca)

Paper appoints interim publisher

Business Edge

FP Newspapers Income Fund (TSX:FP.UN) says *Winnipeg Free Press* publisher **Andrew Ritchie** has resigned, effective immediately. The fund said Ritchie "will now be pursuing other interests."

Bob Cox, the newspaper's editor, has been appointed interim publisher.

The *Winnipeg Free Press*, owned by **FP Canadian Newspapers Limited Partnership**, publishes seven days a week, with an average seven-day circulation of about 124,000 copies.

Jovian Capital Corp. (TSXV:JVN) has named **David Velanoff** as president

MOVING ON

and CEO of its mutual fund dealer subsidiary **Rice Financial Group Inc.** Velanoff has held various senior positions over the last 30 years with a number of mutual fund dealers, investment dealers and insurance providers.

Jovian is a management and holding company with interests in a variety of financial service firms specializing in wealth and asset management. Its head office is in Winnipeg and its executive office in Toronto.

The **Manitoba Rural Adaptation Council** (MRAC) has hired **Lindsay**

McDonald Dickson as project officer.

McDonald Dickson comes with extensive agricultural experience including recent employment with the **Manitoba Pork Council**.

McDonald Dickson succeeds **Kristin Yaworski-Lowden**, who takes the new position of value chain co-ordinator.

MRAC is a private, not-for-profit organization that provides funding for sustainable projects to advance the agriculture and agri-food industry in Manitoba. Its head office is in Winnipeg.

– with files from *The Canadian Press*
(E-mail notices and photos at least two weeks before publication date to murdoch@businessedge.ca)

Opinions

Banks looking to increase 'share of wallet'

Canada's chartered banks haven't quite sunk to the level of those shrill, high-volume vendors of discount furniture and cheap electronics who are constantly bombarding us with ads touting zero down, zero interest, zero payments for 18 months. But when it comes to their mortgage-lending practices, they've wandered into the same low-rent district.

In the past year or so, most have begun offering zero-down mortgages, in which the prospective borrower doesn't have to put a nickel on the line in order to make what is generally the largest and most important investment in the average person's life. The banks have also begun allowing borrowers to stretch the amortization period from the old maximum of 25 years to a new one of 40 years, and mortgagees who take up that offer will find themselves paying next to no principal for years and years to come.

These newfangled gimmicks, which have been borrowed from the U.S. market, are part of a long-term change in our

Mortgage deals wandering into low-rent district

banking industry. For the past 15 years or so, since the end of the last major recession in other words, the banks have been making it easier for homebuyers to obtain credit.

Where they once demanded 25 per cent upfront before

granting a mortgage, the banks have steadily lowered that bar, the result being that downpayments currently average about 15 per cent, according to industry experts.

To some extent, the bankers are merely responding to changes in the real estate market. Housing prices have risen so sharply in recent years – from

a national average of \$150,720 in 1995 to \$314,258 in May 2007 – that not many first-time buyers, and even many who are moving up to bigger homes, can come up with a 25-per-cent downpayment.

But competition between the banks has also played a role. They are all furiously chasing the mortgage market. They are all trying to grow their business and, to use an industry phrase, increase their

share of wallet. One way for a bank to get its hands further into your wallet is to offer easier terms of credit than the competition. Another way is to pay the interest penalty for homeowners who are willing to move their mortgages across the street before the term has expired.

The banks have greased the wheels of a booming market in both new homes and resales. Coming out of the recession in the early 1990s, housing starts dipped to 110,933 in 1995 and then rose annually for nine years to a peak of 233,431 in 2004, according to Canada Mortgage and Housing Corp.

Last year, they stood at a very healthy 227,395. The resale market has been equally robust, growing from 260,993 transactions in 1995 to 483,700 last year.

The housing boom has occurred despite rising prices because interest rates have been low and stable, the job market has been strong and easy credit has been available at the banks.

But now there are signs that one part of that equation may be changing. In mid-July, the Bank of Canada raised its trend-setting rates by one-

quarter of one per cent to 4.50 per cent and the chartered banks immediately raised their prime lending rates.

Many observers believe that the central bank may boost the cost of money by a similar amount once more and maybe twice by the end of the year in order to keep a lid on inflationary pressures caused largely by the overheated economies of the western provinces. But some experts contend that the bank's ability to raise rates in order to fight inflation is severely limited because the level of personal indebtedness in Canada is so high.

"A moderate increase by historical standards of one to 1.5 per cent would be very powerful in terms of its impact on consumers," says Benjamin Tal, an economist with CIBC World Markets and the author of a widely quoted report on personal bankruptcies issued in early July. "The savings rate is close to zero, which means people don't have a cushion against economic shocks."

Tal points out that the use of credit has been rising by about 10 per cent a year while incomes have only been growing by half that amount. As a result, the debt-to-income

ratio for individuals now stands at 120 per cent in part because so many people are carrying large mortgages.

Homeowners who have paid down their mortgages in many cases have then turned around and borrowed against the equity in their homes to pay for household improvements and other things. Indeed, Tal says home-equity loans have become so popular that they have helped keep consumer spending healthy in recent years.

Canadians have been binging on credit since the last recession, thanks in no small part to the loose lending practices of the chartered banks, but this party has the potential to end badly.

If inflation begins to rise, older people living on fixed incomes and Baby Boomers heading for their golden years will demand action from the Bank of Canada. Otherwise, the value of their savings and the quality of their lives will decline.

But a sharp spike in interest rates could be a knockout blow for all those homeowners, many of them younger couples, who bought homes with next to nothing down and are already struggling to pay their sky-high mortgages.

(D'Arcy Jenish can be reached at jenish@businessedge.ca)

OPINION



D'Arcy Jenish
Business Edge

Strong sectors driving economic growth

It may take months for global slowdown to become apparent

Last spring, EDC Economics was forecasting no growth in Canada's exports for 2007. Recent developments are leading us to upgrade this outlook modestly.

At the heart of the story is a forecast moderation in global economic growth, led by an abrupt slowdown in the U.S. economy.

Evidence of a global moderation is accumulating – the U.S. consumer is retrenching, leading economic indicators have rolled over, Asian exports are easing and financial markets are being driven increasingly by speculation.

Yet, there is no denying the signals indicating that the world economy remains strong.

Prominent among these is the price of oil. Political and other supply tensions notwithstanding, it is clear that demand remains strong and that excess capacity is building only very gradually, as prices are up over \$20 in six months.

On top of this, EDC's latest survey of Canadian exporting companies shows that trade confidence has actually improved during the last six months. The trade confidence index has risen to 72.9, up from 71.4 six months ago and 70.7 last year.

The survey indicates that companies have become slightly more bullish on both foreign and domestic economic conditions.

Of course, this positive sentiment is far from universal, as the sectoral breakdown of trade confidence continues to show a two-track economy.

Confidence is up in energy, metals, technology and transportation, while light manufacturing is stagnant and forestry has deteriorated further. The

overall rise in the index, therefore, means that the strong sectors are simply outweighing the soft ones.

It is likely to be several more months before evidence of slower global growth becomes truly compelling.

Meanwhile, the world's central banks need a slowdown to reduce the risk of future inflation, and that means some upward pressure on interest rates and some currencies.

This includes the Canadian dollar, which has been pushed higher by speculation that both interest rates and oil prices will continue to move higher.

Assuming the anticipated synchronized global moderation emerges in the second half of the year and oil prices ease toward the \$60 level, then

EXPORT ANALYSIS



Stephen Poloz
Export Development Canada

the dollar could trade down toward the mid-80s. However, were oil prices to approach the \$90 level, the dollar could inch up towards parity with the U.S. dollar.

These changes to the outlook mean that Canada's export revenues are likely to grow by two to three per cent this year. Even so, the export upgrade is almost all due to higher prices for energy, metals, petrochemicals and fertilizers. Excluding those categories, other export sectors will be in decline.

The bottom line? A slightly stronger global outlook means an upgrade for Canada's export revenues. But the upgrade is mainly due to higher prices, which means that the risks associated with the outlook are increasing, not falling.

(Stephen Poloz is a senior vice-president and chief economist for Export Development Canada. He can be reached at spoloz@edc.ca)

Environment plays big part in ad's effectiveness

Industry veteran not big mobile billboard fan

Re: Advertisers hit the road with mobile message, by Laura Severs, *Business Edge*, June 29, 2007, and online at www.businessedge.ca.

I just read through the article on mobile billboards. I have been in the advertising business, specifically media planning and buying, for 15 years, having spent most of that time with some of the country's largest ad agencies

FEEDBACK

working with marketers such as Visa Canada, Coca-Cola and General Motors.

Today, I work with Calgary ad agencies and marketers, helping them invest their media budgets effectively.

I have never been a big fan of mobile billboards. My first exposure to them was when I was developing a media strategy for Visa, promoting their sponsorship of the Toronto International Film Festival. My challenges with the advertising channel are that there is a lack of targeting and how

consumers associate advertisers with the channel.

I would consider recommending the mobile billboards to my clients if the media company can prove to me that the trucks are reaching my clients' target with minimal waste.

Today, clients are looking for advertising and media options that tightly target their current customers and prospects in order to maximize effectiveness and minimize wasted exposures against folks that they are not trying to build a relationship with. If I am targeting everyone, then great! But if I want to reach business people who decide what courier company or technology company they should partner with, I would definitely consider a different strategy.

I believe that marketers are judged by consumers on how they communicate with them, but also where. I would never consider advertising a food product in a restaurant washroom, even if my target was there. Or a conservative brand

in a racy magazine, even if the reader is exactly who I am trying to reach. I believe that environment plays a big part in advertising effectiveness. I don't think throwing my clients' ad on the side of a truck elevates the brand. But, like all advertising media, there can be a fit. But it has to be the right advertiser with the right message to be effective trying to reach the right target.

Your article also touched on transit shelter advertising and the new illumination technology being developed. I think that Carmanah Technologies Corp. may be before its time. While going green is definitely a strategy and concern for some marketers, I doubt that the demand will be significant enough to persuade the outdoor companies to make the capital investment. I can imagine that such a change would be quite pricey and doubt that advertisers, for the most part, will be willing to pay the increase in media costs that would be passed on to them in

order to cover the cost.

Illuminating all outdoor locations would definitely result in more commuters seeing the ads . . . but I strongly believe that there is a bigger issue that should be addressed when it comes to outdoor advertising. That is the creative (design). Too many clients and agencies ignore the need for distance testing. I see too many posters, superbboards and transit shelter ads that are packed full of copy, logos and pictures. Outdoor is intended for people in transit and the creative should be developed with this in mind. If the ad can't be read, it won't be effective.

The problem with a poster that is image heavy and uses reverse white type that is not legible from the street isn't the printing, it's the design.

The problem with a poster that uses a small font size that is not legible from the street isn't the poster location, it's the design.

— Stacey McIntyre, Calgary

It's home, sweet home for Canadian SMBs

Entrepreneurs say domestic market sufficient

Business Edge

It appears that comfort trumps growth for Canadian businesses.

Small and medium-sized businesses (SMBs) say they are hesitant to expand their business beyond Canadian borders, according to the UPS 2007 *Canada Business Monitor*.

The study on SMB trends shows 37 per cent of Canadian entrepreneurs surveyed believe they have enough business to deal with in Canada, while an additional 17 per cent say global trade is out of the question until they expand their business domestically.

"This is disconcerting when one considers that SMBs make up 98 per cent of Canadian businesses," says Mike Tierney, president of UPS Canada.

"Canada runs the risk of being left behind in the increasingly competitive global market unless there is a shift in the practices of our entrepreneurs to capitalize on the international trade opportunities available to them."

The study indicates those SMBs that have chosen to conduct cross-border and international trade see the benefits of doing so and intend to continue the practice.

Canada Business Monitor results show that almost half of SMBs trading internationally plan to expand their workforce in the coming 12 months versus 26 per cent of the SMBs that do not participate in international trade.

The results also show 65 per cent of importing SMBs and 56 per cent of exporting SMBs view globalization positively, while a little more than half of their non-importing, non-exporting counterparts are undecided.

Despite this outlook, Canadian SMBs are optimistic for success, believing the Canadian economy is more likely to grow than that of rapidly expanding markets such as India.

In fact, two-thirds of those surveyed expect to see Canada growing over the next three years second only to China in terms of economic growth.

Furthermore, 24 per cent and 22 per cent, respectively, of SMBs see the Middle East and the U.S. declining economically over the next three years.

"Most Canadian businesses are positive about globalization; however, many feel challenged on how to begin international trade," said Tierney.

The *Canada Business Monitor* results identified sourcing with trustworthy suppliers and understanding complex trade practices as major barriers to SMBs expanding globally.

Though they are reluctant to dive into global commerce, the vast majority of SMBs in Canada believe globalization to be positive or neutral, with only 15 per cent viewing it negatively.

The favourable view of globalization is similar to data from the *Europe Business Monitor*, in which businesses overwhelmingly said the shrinking of global commerce is a positive development — a direct contrast to Latin America, where SMBs are split down the middle on the benefits of globalization.

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Security camera misuse no laughing matter

Technology changing digital surveillance practices

Ever wonder what's on the other side of one of those shiny security camera domes?

Who's watching you? Who's watching the watchers? If you had the bad judgment to run naked past a camera at age 19, could that digital trail haunt you when you went for a job at age 25?

The answer to all the questions, is, of course, "it depends." Depends on where you are, what you're doing, and to some extent, even who you are.

Some folks get watched on video more than others. And technology is emerging that will automate and systematize the use of digital surveillance in whole new ways. Companies with important assets to protect need to take notice. And what could be more important than the safety of the travelling public?

Consider the still rather-newish Terminal One at Pearson International Airport. You'd have to be blind not to notice the security cameras everywhere. Some belong to the Greater Toronto Airports Authority (GTAA). Others are part of an Air Canada system called the station operation centre (STOC). Nobody wants to say exactly how many cameras are out there, but Air Canada watches them on an 18-screen "command and control video wall" inside the STOC.

"The new STOC video system, with its increased functionality, enhances Air Canada's ability to manage and monitor operational video from multiple sources around the airport," says Thor Hoff, Air Canada's manager for IT infrastructure projects for the Toronto hub.

So instead of having duplicate cameras, they can pull up relevant video feeds, even if they belong to a different owner. Hoff says they've also gone to simplified camera

names with location information, eliminating the need for operators to cross-reference video feeds with facility maps.

Using closed-circuit TV (CCTV) cameras for video surveillance apparently dates back to the Second World War, when the Germans used them to record V2 rocket test flights.

The technology got a huge, if unwanted, boost in the 1970s and 1980s when Irish Republican Army bombings drove British officials to launch widespread surveillance, which they are now crediting with the recent arrest of terrorists.

Security cameras are getting dirt cheap. I recently saw a wireless camera for sale in (of all places) Winners for \$139.99. There it was, sitting between the clearance-priced underwear and the tacky wall decorations. Hang it outside your front door and you can have your own reality TV starring the mail-

man, paper carrier, and perhaps the younguns drinking out on the front porch.

Meanwhile, Richmond Hill, Ont.-based Visual Defence Inc. (LSE:VDI) aims to provide "security convergence" by knitting together security systems, even if they come from different vendors.

"We've got software platforms that help our clients move from the analogue world (of videotapes) to the digital world," says VDI marketing manager Bethany Moir. "We also talk about convergence in terms of vendor convergence; being able to give our clients the freedom to use the camera manufacturer that's best for



Tom Keenan, Business Edge

University of Toronto professor Steve Mann checks out a conference bag outfitted with a security camera.

them, and the DVR (digital video recorder) that's best for them, and to tie them all together to work as one solution."

Moir also speaks of systems convergence, which she defines as pulling together information from CCTV systems, access control, fire alarms and video analytics into one system that makes it very easy for operators to respond.

While security is often viewed as a cost, she suggests that video information could also serve marketing and legal purposes, and be turned into a profit centre.

Air Canada's Pearson Airport system is one of VDI's showpiece installations and Moir notes that the airline is able to use other people's cameras to "ensure that catering trucks are getting loaded at the right time" and for other operational functions.

Like most modern applications, Internet protocol plays a part in bringing together these networks of security appliances. And not without

some risk. After all, you can find thousands of security cameras online if you know how to search. (Hint: Check out Google Hacking, which allows you to even target a particular brand of camera.)

My students have uncovered cameras in bank vaults, a pet wash and behind the reservations desk of a major hotel. But according to VDI chief technology officer Michael Godfrey, you won't find the Pearson airport cameras on the web.

"Most of these systems are closed systems. As you put any IP device on a network, you have to think about how secure it is," he says. "That is an issue because you're going from a purpose-built network to a large network. One of the main things we do is to look at the security and firewall and IT issues."

He adds he has a camera at his cottage and "your students might be able to hack into that."

Moir and Godfrey are circumspect about the cost of

their system, saying that each project is a little different. While they acknowledge that it's probably not economical for a mom 'n' pop store to buy a VDI system, Godfrey insists that costs are coming down quite dramatically, "and sometimes you can do things with this technology that would just not have been possible before."

The social implications of surveillance technology have not been overlooked. Techno-critics like University of Toronto electrical and computer engineering professor Steve Mann constantly remind people of the freedom that we give up when we put cameras everywhere.

Mann often appears in public with his own video camera, practising what he calls "sous-veillance" (viewing from below) to counter Big Brother's surveillance (viewing from above.)

As for the question of whether or not your teenage streaking adventure might haunt you, most companies do eventually destroy security videos. Universities typically cycled their VHS tapes on a 30-day circle, and that practice has often been carried forward into the digital world.

But as it gets cheaper to buy storage media than to pay somebody to erase it or destroy it, this could change.

So you just might want to keep on your shorts, or cover your face, if you plan a drunken rampage past a camera anytime soon.

Web Watch:

www.visualdefence.com
<http://wearcam.org/mann.htm>

(Tom Keenan is a professor at the University of Calgary and an expert on technology and its social implications. He can be reached at keenan@businessedge.ca)

FUTURE/PRESENT



Tom Keenan
Business Edge

Legitimate e-mail marketers struggle with perception

The Canadian Press

Try for a moment, as you empty the bulging recycle bin on your e-mail desktop, to spare a kind thought for the e-mail marketer.

If that seems hard as you banish another batch of come-ons for faux Rolex watches and male-enhancement products to cyber-oblivion, then you see part of the problem that purveyors of legitimate products face.

The Internet may be the cheapest, most versatile marketing tool retailers have ever devised, but those very attributes have clogged it with spam - everything from

annoying electronic junk mail to attempts to steal personal information.

"It's not only security but it also has to do with just an inconvenience," says Danielle Fournier, general manager for McAfee Canada, a leading Internet security firm. "Quite honestly it's more bothersome because once you open up one, there tends to be many more following."

While they bemoan the rising number of spam e-mails filling their inboxes, many Canadians probably can't help opening some of them.

"I believe there's just more of a curiosity," says Fournier.

"With all the reports we provide, with all the technology we provide, with all of the services provided, it continues to grow."

But where does that attitude leave legitimate e-mail marketers?

Treading carefully, says Paula Skaper, past president of the Vancouver-based International Internet Marketers Association.

Skaper, whose firm Kinetics Media specializes in e-mail marketing campaigns, says her industry works hard to distance itself from anonymous mass-mailings designed to evade spam filters.

System keeps critters from shocking fate

Power lineman came up with bright idea

By Laura Severs
Business Edge

Power outages triggered by squirrels or birds can be a costly annoyance to power providers and consumers.

But a Canadian-built solution, the brainchild of a power lineman, is sparking interest from one of the largest high-tech companies in the world.

Greenjacket is a tight-fitting insulated material tailored for specific energized equipment. Special prefabricated dielectric polymer covers are designed to eliminate the 20 per cent of power outages that are attributed to wildlife coming into contact with electricity transmission systems.

Marty Niles, a former senior power lineman from Lac La Biche, Alta., is now president of Edmonton-based Cantega Technologies, a two-year-old company that he created after seeing an opening in the power market for such a device.

And now 3M Canada – one of the largest international subsidiaries of St. Paul, Minn.-based 3M, a \$22-billion diversified technology company – has obtained exclusive rights to sell and market Greenjacket within Canada.

"We are always looking for ways to expand our portfolio and working with small businesses is a great opportunity for that," says Bill Boyce, Alberta regional director for 3M Canada, which is based in London. "We think they've



Photo courtesy of Cantega Technologies

Cantega's Greenjackets cover the vulnerable points in this power transmission substation.

come up with a pretty unique solution. Together we can expand across Canada."

Boyce notes 3M has been involved in the electrical market since the 1950s. 3M Canada will start marketing the product in the West and then move east.

Cantega CEO Al Gourley says power outages cost the U.S. economy \$75 billion a year. Of that, about 20 per cent, or \$15 billion, can be attributed to wildlife-caused outages.

"It's turning out to be a very good fit for them and for us," says Gourley. "Greenjacket needed distribution and marketing, and they needed a product like this. It happened very quickly and they're a terrific company with a global brand and global recognition."

Cantega is targeting transmission substations where it believes the product is most needed.

And while there are competitors, the company says its products are customized to fit the power devices – equipment size can vary at each substation – while its competition generally uses a one-size-fits-all formula.

Ravens and other birds use power transmission substations as perch points and can trigger a power outage in addition to frying themselves. Squirrels, raccoons and other wildlife can also inadvertently cause power outages by coming in contact with exposed electrical equipment.

Gourley says Cantega was already working with Saskatchewan Power and Manitoba Hydro when it was approached by 3M.

"Our target is the global market, frankly, starting out from Western Canada – it's a several hundred million-dollar

market globally and there's a huge market beyond substations that we really can't quantify yet."

Cantega has also been working with Calgary-based AltaLink – responsible for the maintenance and operation of approximately 11,600 kilometres of transmission lines and 260 substations in Alberta – to retrofit substations that have high histories of bird-caused power outages.

More than 15 AltaLink substations now have the Greenjacket system in place – the pre-measured pieces can be snapped off and then snapped back on should AltaLink need to work on the equipment – and there has only been one incident of a bird-related power outage at those locations.

"In our experience, it's been a great solution," says Scott Schreiner, AltaLink's manager

of external communications. "Greenjacket protects the most sensitive areas in the substation and prevents birds or wildlife from touching those energized portions."

The birds can also benefit. "They can now come and go, they're not going to be harmed and they're not going to short-circuit the equipment, so there's an environmental aspect as well," Gourley says.

The solution harkens back to Niles' day as a power lineman, adds Gourley.

"Marty was being called out in the middle of the night to do repairs and seeing the costs that were being incurred and they were really just doing patchwork solutions – there weren't protective devices to prevent this from happening again."

The lineman initially came up with a plan to spray a protective polymer onto the power equipment onsite. That idea was subsequently revised into the die-cast product after spraying proved too complicated and costly.

"With wind there would be overspray and there was a need to do a lot of masking. Also, you couldn't do it if the weather was too cold or too hot," says Gourley.

Now Cantega makes an initial visit to the site, takes measurements and later returns with the customized Greenjacket components.

"This way, we're able to reduce the installation time," says Gourley, adding while manufacturing custom-sized parts may be more expensive, costs are less as the installation time is dramatically lower.

And that's not just for the birds.

(Laura Severs can be reached at laura@businessedge.ca)

CONSENSUS from Page 22

Educating clients just part of job for e-marketer

There's no formal industry consensus on rules for e-mail solicitation, but there is an agreed-upon set of best practices, she says.

"We only do permission marketing," Skaper says of companies like hers. "There must be a clear opt-in to receive the kind of information that we're sending."

That means you need to have signed up with a company – perhaps through its website or while registering a product you bought – to get its e-mails.

Skaper says part of her job is to educate clients that what they're doing is not the electronic equivalent of old-fashioned junk mail.

"We don't want to annoy people," she says. "Otherwise we're just wasting our client's money."

Skaper says her firm uses a double opt-in process for client e-mail lists. Recipients who've registered to receive e-mails get an e-mail asking them to confirm their permission.

"If you're practising proper permission-based e-mail marketing, whenever you collect information from your customers and they opt in, you're immediately confirming that with an e-mail address," says Skaper.

"You restate what they've just signed up for, and you do that immediately. And you encourage them to add your sender e-mail address to their . . . safe list so the messages get through.

"You let them know it's always going to come from this address. It's a matter of communication."

Skaper's firm sometimes works from

rented e-mail lists through a reliable broker or "deployment vendor" who retains control of it through strict usage rules.

She counsels clients against dealing with companies willing to hand over their lists unconditionally.

There's a reason for Skaper's prudence.

Despite the scourge of spam, e-mail marketing is a mushrooming, lucrative business.

Kinetics Media, which Skaper says has tripled in size in the last two years, sees a 34-per-cent opening rate to its permission-based e-mails.

"About a third of people open the messages, and somewhere between four and 12 per cent in general will click through (to the information)," she says.

Skaper's clients, which range from real estate firms to banks and travel companies, like the speed and accuracy of e-mail marketing.

"I can send something out instantaneously on behalf of a company and within 48 hours they know if it's working," says Skaper.

"And I'm doing that without incurring any printing costs or any mailing costs."

Feedback from recipients reinforces e-mail's effectiveness as a marketing tool.

"When (companies) ask 'How do you want us to talk to you?' the customer's saying, 'Well, e-mail me because I'd rather get stuff in my inbox than have it piled up on my front step.'

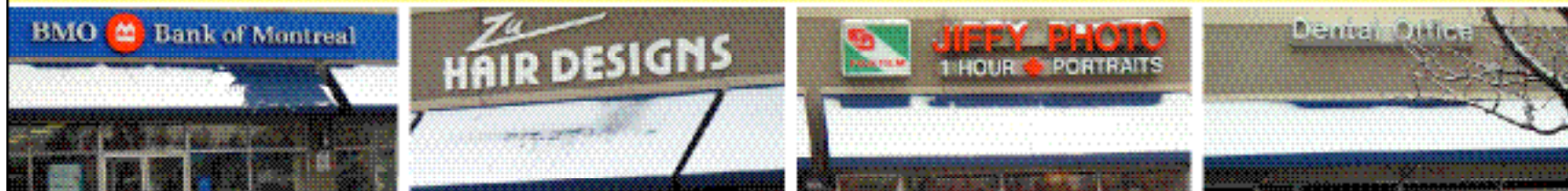
"It makes life easier, even with all the spam."

Investment Opportunity

Van Leeuwen Centre Ottawa

420 Hazeldean Road, Ottawa Ontario

Invest in REDEV Properties Ltd.'s latest Real Estate Income Gain (REIG) Program and Benefit from:



- Secure Rate of Return
- Quarterly Cash Distributions
- Earn 14.57% After Tax Paid (not including capital appreciation)



- Minimum \$25,000 Investment
- Tax Deductions

Location...

Van Leeuwen Centre is ideally located on the Southwest corner of Hazeldean Road and Carbrooke Street. Van Leeuwen Centre is a premier strip mall within the affluent and rapidly expanding City of Ottawa. Within a 5km radius of Van Leeuwen Centre, the trade area is comprised of a population of approximately 80,600 with an average household income of about \$96,000, which is 28% higher than the average for Ottawa.

Why Invest in Ottawa...

The City of Ottawa, is the capital of Canada and the fourth largest city in the country with a total population of over 1.2 million citizens in a province with nearly 12.5 million people. The municipality forms part of a larger region known as the National Capital Region (NCR). With a diverse mixture of industry and culture, the NCR is a prime location where the consistency of economic growth and performance is unmatched anywhere in Canada. Ottawa's primary employers are the Canadian Federal Government and the hi-tech industry. Many hi-tech companies have made their home in Ottawa due to its many economic strengths.

Property Profile...

Van Leeuwen Centre is a multi-tenant strip plaza with approx. 59,434 sq. ft. of leasable space on approx. 4.7 acres with a total of 299 parking stalls. It provides excellent access and high visibility with exposure to more than 28,000 vehicles per day along Hazeldean Road. This superior location is in the affluent and rapidly expanding City of Ottawa in the former community of Kanata. Van Leeuwen Centre is 100% leased.

Tenants

Shoppers Drug Mart
 Pizza Pizza
 Benjamin Moore
 Timothy's
 Jiffy Photo
 Brown's Cleaners
 Bank of Montreal
 Dr. Bernstein's
 VIP Travel
 Dental Clinic
 Zu Hair Designs
 Select Roses

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Walmart
 Loblaws
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