

PRINCE RUPERT

Ridley Terminals gives first nations first refusal

Crown-owned port operator recognizes 'a reality and a business opportunity'

BY DERRICK PENNER
VANCOUVER SUN

First nations communities will get the right of first refusal on capital contracts awarded by Prince Rupert's Crown-owned Ridley Terminals under an agreement signed Thursday.

The agreement between the operator of Prince Rupert's major coal-loading terminal and regional first nations gives Coast Tsimishian communities a chance to bid on all requests-for-proposal worth more than \$500,000.

As part of the agreement, Ridley is ex-

pected to "make commercially reasonable efforts" to solicit first nations' participation by breaking up large contracts into smaller components that they can handle.

"I'm sure there are some who will say this is social engineering, but it isn't," Daniel Veniez, Ridley Terminals Inc.'s chairman said in an interview. "It's recognition of a reality and a business opportunity as we see it."

The reality, Veniez said, is that the region's first nations are under-represented in the Ridley terminal's workforce. They constitute five to six per cent of its 100-member workforce when 60 per cent of the Prince Rupert

region's overall population is aboriginal.

The business opportunity, he added, is tapping and helping to foster the business skills of that population.

Veniez said the Crown-owned terminal will give first nations a 30-day first opportunity to look at its requests-for-proposal contracts to determine if they want to bid on them, or form partnerships with outside firms to take on the work.

But he said aboriginal bidders will not get "special dispensation" when it comes to the terminal's commercial decisions to award contracts.

"These guys have to come in and

make sense from a cost, from an efficiency, from a productivity point of view," Veniez said.

To John Helin, chief councillor of the local Lax Kw'alaams aboriginal community, the agreement is a "very refreshing" acknowledgement of first nation communities.

"What it means to me is we're not bringing some company into court kicking and screaming about our aboriginal rights and title," Helin said, adding he hopes it will serve as a template for other companies operating in the northwest.

Helin said the parties need to strike a joint implementation committee so

first nations can "find out what's available and how we can access it."

Initially, Helin said, he expects first nations will do a lot of bridge-building with other contractors while natives gain education and training. But he hopes the agreement will eventually help deliver some much-needed jobs to his community, which he said suffers higher than 80-per-cent unemployment.

"I think when you empower your people through economic means it relieves some of the pressure on the social structure," Helin added.

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TELEVISION ADS



Royally attired Brad Newell, president and co-owner of the King of Floors chain, shoots a TV commercial with his Lhaso Apso dog Sir Scruffy on Thursday at a flooring store in Surrey. Cameraman Jason Pope shot six 30-second commercials.

Sir Scruffy upstages King of Floors

Lhaso Apso the star of campy television ads that also include firm's co-owner

BY MARKE ANDREWS
VANCOUVER SUN

With his tacky red robe and sequin-adorned purple crown, Brad Newell looks less like a monarch than a guy who took a wrong turn en route to a costume party and ended up at a flooring store in Surrey.

But Newell had good reason Thursday to deck himself out in full sovereign glory. He is president and co-owner of The King of Floors, a 10-store chain that sells discount flooring, makes \$14 million in annual sales, and will forever be known in these parts for its campy TV ads that star the bearded Newell as the king of laminate splendour. On Thursday, he was making six 30-second TV commercials in a 90-minute time span.

Well, the commercials sort of star Newell.

"The King isn't all that important," says Gerry Haggman, who handles the King of Floors' advertising. "It's the dog that people want to see."

The dog is Sir Scruffy, one of three Lhaso Apos that Newell and his wife own, and Sir Scruffy appears in every King of Floors commercial.

With a crew of one — cameraman, soundman and editor Jason Pope — and with himself ad-libbing the dialogue (there is a script, which the King mostly ignores), Newell will spend about \$1,000 to make the commercials.

Cheap and cheeky

Low-budget vanity commercials have been around as long as television has, and Vancouver viewers may remember some of these characters.

• **Jack Roberts:** Seattle furniture hawker Roberts used to dress up in a wig and turquoise robe, smash things and yell, "I won't be undersold!"

• **The Captain:** He sported a captain's hat and bragged about the great deals at his Vancouver junk stores.

• **Sharman King:** The owner of the book warehouse played his tuba to get your attention.

• **Ralph Williams:** The pitchman for a Ford dealership in Seattle had a peculiar habit of making his "s" and soft "c" sound like "sh," which brought unintentional humour to his customary signoff of "the city of Seattle."

"We used to do these in a studio, and eight years ago it cost us \$15,000 for four hours in the studio," says Newell. "Now we can make them for \$1,000 right here in the store."

Pope begins shooting the first ad, in which he moves the camera in on Newell and Sir Scruffy. The dog spends most of the first take, and part of the second, growling at Pope. The third take does the trick, and Sir Scruffy gets

a biscuit. No biscuit for Newell, who only gets ribbed by his employees.

In the next four takes, Newell states the practical information for the ad: "We have 8 mill., 10 mill., 12 mill. [laminate]. We have 60, 80 colours. . . ." Okay, it's not, "Of all the gin joints in all the towns in all the world, she walks into mine," and Newell will never be mistaken for Humphrey Bogart, but the King muffs only one line, and within 10 minutes the first commercial is in the can.

For the second commercial, The King rocks back and forth with Sir Scruffy in his arms singing a rap song for the camera. The final commercial will have local singer David Wills performing the song, but for now it's Newell front and centre, and with each take his body language gets more raucous, performing the only hip-hop song in existence containing the line "gosh-darn good deals."

For commercial No. 3, The King holds a strip of laminate and praises the material. After the first take, Pope offers some direction: "Shorter. More to the point. More energy."

Two takes later, it's done. While all this goes on, drivers pick up delivery orders, and the odd customer stops by to browse. The King takes a break to meet with one customer, handing his young daughter an autographed photo from the ad campaign.

It's a photo of Sir Scruffy.
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STOCKS

Canadians should expand their investment horizons beyond border: analyst

BY FIONA ANDERSON
VANCOUVER SUN

Ten years ago, local investment firm Odlum Brown predicted the Canadian stock market was poised for take-off, and advised clients to hang in there.

But investors were blinded by the fact that for a number of years before 1999, U.S. stocks had performed much better than Canadian stocks, Odlum Brown's director of research Murray Leith said in an interview.

"So everyone was rushing to get their money out of the country," Leith said.

Yet at the time, U.S. stocks were overpriced, having been pushed up by demand, and Canadian stocks were bargains, especially with the Canadian dollar at less than 70 cents US.

Wal-Mart Stores, Inc., for example, was trading at 50 times earnings, an unsustainable level, Leith said. The same was true for many large-cap (measured by value of shares multiplied by the number of shares outstanding) companies in the United States.

"All the great companies were just super-expensive," Leith said. "It was really sort of a mania for large-cap growth stocks."

To make matters worse, the stocks were being bought with depressed Canadian dollars. And as the dollar strengthened, any returns on U.S. stocks measured in Canadian dollars eroded.

So switching out of Canadian stocks at the time, and buying American was exactly the wrong thing to do, Odlum Brown said in a report dated March 5, 1999. And it was right.

In the decade leading up to May 31, 2009, the S&P/TSX Composite index earned a 50-per-cent return, including reinvested dividends, Leith said in an e-mail. During the same period, the S&P 500 Index of U.S. large-cap stocks dropped 26 per cent, or 44 per cent when converted into Canadian dollars.

Now the polar opposite is happening, with Canadians keeping their money in Canada because the last 10 years have been good, Leith said.

"Nobody wants to buy foreign stocks or American stocks because the past has clouded their perception of them," he said.

That doesn't mean there aren't some good Canadian stocks worth investing in, Leith said, but U.S. stocks shouldn't be overlooked.

For example, Wal-Mart, which continues to grow, is now trading at 15 times earnings, he said.

And the currency risk — with the Canadian dollar trading above 85 cents US — is much lower.

Yet convincing investors to look south of the border is a "tough sell." "Investors are increasingly fearful about investing outside the country,

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yet the time to be fearful was a decade ago," Leith said.

"It was a tough sell back then [in 1999], just as convincing people to diversify outside of our country is a tough sell today," he added. "Because people are really driven by looking in the rear-view mirror, and basing their decisions on what they should have done over the last period."

Investors focus too much on the performance of the stock rather than the performance of the company and its stock's valuation (the price of the company's stock relative to its earnings), Leith said.

"Ten years ago, you could have said the business was great but the valuation was horrible. Today, the businesses are still great and the valuations are finally great. So it's a winning combination."

Luc de la Durantaye, head of the asset allocation and quantitative team at CIBC Global Asset Management, also recommends Canadians look beyond their borders, but he suggests emerging markets.

The average Canadian has very few investments, if any, in emerging markets, "which I think is a mistake if you look out at the next five years," de la Durantaye said.

Because that's where growth is going to be.

Developed markets, notably North America and Europe, are over-indebted and need to build up savings, de la Durantaye argues. On top of that, their populations are aging. So there is limited room for growth over the next few years.

Emerging markets, on the other hand, have higher savings rates, higher population growth, and a younger population, all of which support domestic consumption and hence growth, he said.

Emerging markets also have 23 different currencies, which adds to the portfolio's diversification and minimizes currency risk, de la Durantaye said, adding that many of those currencies are under-valued.

Canadians can invest in emerging markets through exchange-traded funds or mutual funds sold in Canada and the U.S. "Take a good look at your portfolio at least and determine if you have any [emerging market exposure]," de la Durantaye advised. "If you don't have any, you should."

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RECESSION

Alberta economy to take biggest hit this year, Canada West Foundation predicts

CALGARY — Alberta will fare worse than any other province this year, with the economy suffering more hits before a recovery takes hold in 2010, a report said Thursday.

The Canada West Foundation is forecasting that Alberta's economy will decline 2.4 per cent this year and grow by 1.9 per cent next year.

"Alberta will be facing a rough patch for a while," said economist Jacques Marcell, author of the report. "Energy prices and the global economy com-

bined to slow Alberta for now, but they could soon help lift it out of the doldrums and make it the Canadian growth champion again."

The outlook follows other recent forecasts that show Alberta is facing its steepest economic decline in nearly two decades. The Royal Bank expects a 2.5-per-cent drop in the economy this year, while the Bank of Montreal predicts the economy will contract 2.7 per cent.

Canwest News Service