



**It's official: Airbus giant is airworthy**

The Airbus A380 was certified airworthy on Tuesday by both European and U.S. aviation authorities at Airbus headquarters in Toulouse, in southern France. The superjumbo jet has now cleared its last official hurdle before the first 555-seater is scheduled to be delivered to Singapore Airlines Ltd. next October.

THE VANCOUVER SUN

SECTION D

# BUSINESS BC

WILLOW CREEK COAL MINE SHUTS DOWN | D3

BCE DITCHES INCOME TRUST PLANS | D8

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**WORKING IT OUT**



"You've really surprised me on this interview. All of your references said you were an idiot."

**JINGLE ALL THE WAY**

**Well duh!** The majority of Canadian employees (70 per cent) think it's appropriate for the boss to give out bonuses during the holidays, according to a Workopolis survey. (We agree. What do the other 30 per cent think? Who cares.) And office parties? Most Canadians (88 per cent) think a workplace party is fitting for the holiday season. (Again, we're with the majority on this, especially if the boss is paying.) But five per cent of Canadian employees believe that holiday celebrations negatively impact their work. (Fine, they can stay at their desks, we'll share their canapes.) Women are more enthusiastic (63 per cent) than their male counterparts (46 per cent) about office celebrations, and finally, 78 per cent of working Canadians say it's appropriate to reduce working hours or close over the holiday period.

**BUSINESS BC THURSDAY**

**MALCOLM PARRY'S TRADE TALK:** With his four Rocky Mountaineer trains covering B.C., Peter Armstrong wants another to run coast to coast.

**B.C. SNAPSHOT**

**White Rock firmly in the black**

If you own a piece of the Rock (White Rock, that is) you've done very well over the past year. Owners of detached homes there saw the average price increase the most of any area in the Fraser Valley Real Estate Board's region from November of 2005 to last month.

Detached homes, % change Nov. - Nov.	
White Rock	+26.3
Langley	+22.9
Mission	+21.4
Surrey	+17.3
North Delta	+16.2
Abbotsford	+9.6
All areas	+18.7

Source: Fraser Valley Real Estate Board

VANCOUVER SUN

## BIG, BIG TRUCKS – AND PROFITS

Vancouver-based Finning International made the most of a boom year in the resources sector (as reflected in its stock price, below). In just the past two days, Finning has announced

sales and service deals with potential values of about \$200 million, and the company is estimating that just oilsands-related equipment sales will reach \$270 million in 2007.



# Finning expects record year

Firm predicts even better 2007 results, based on strong markets in Canada, South America

BY MICHAEL KANE VANCOUVER SUN

Vancouver-based Finning International is set to conclude a record year and predicting even better performance in 2007, led by strong economic conditions in Western Canadian and South American markets.

The distributor of Caterpillar heavy equipment reaffirmed Tuesday that its basic earnings per share are expected

to be between \$2.45 and \$2.50 for the fiscal year ended Dec. 31 while forecasting basic earnings per share between \$2.80 and \$2.95 in 2007.

"We still have the better part of a month to go, but if things unfold as we expect they will, it looks to be a record year, and an even better year next year," said Tom Merinsky, vice-president of investor relations.

"In Western Canada, and in South America, really all sectors are very, very positive."

Finning shares are up 22 per cent for the year to Nov. 30 and 18.5 per cent over the past five years. They closed Tuesday on the Toronto exchange at \$45.74, up 41 cents, and just shy of their 52-week high of \$46.

Finning employs about 12,000 people globally, including 3,000 in Western Canada where business is being driven by both feverish construction and strong demand for oil, minerals and natural gas.

Over the past two days, the company has announced a flurry of major deals

including new orders for oilsands mining equipment and trucks, mining equipment for Argentina, and 45 Caterpillar 797s — the world's largest mining trucks — for use at the mammoth Escondida copper mine in Chile.

President and CEO Doug Whitehead said the ever-growing fleet of Caterpillar equipment forms the basis for growing parts and service revenues for future years.

See FINNING ONE D2

# House buyers prefer style over substance

**REAL ESTATE | Words like 'beautiful' better than 'good value'**

BY ANN BRENOFF

Words matter. Wars have started over them. Civilizations have collapsed because of them. And

it would appear that the speed with which a house sells might be determined by them.

As listings grow old on the vine in areas that are flush with inventory, and frustrated sellers grapple for the slightest edge, the findings of several academics might offer some guidance.

For example, a Canadian professor, as part of a broader study

on real estate sales patterns, found that homes where the seller was "motivated" actually took 15 per cent longer to sell, while homes listed as "handyman specials" flew off the market in half the average time.

"It surprised even me," said researcher Paul Anglin, who teaches real estate and housing trends at the University of

Guelph. The study dissected the wording of more than 20,000 Canadian home listings from 1997 to 2000.

What surprised him most was how the buying public put style over substance. Words that denoted "curb appeal" or general attractiveness helped a property sell faster than those that spoke of "value" and "price."

Homes described as "beautiful" moved 15 per cent faster and for five per cent more in price than the benchmark. "Good-value" homes sold for five per cent less than average.

Another finding in Anglin's study was that the plea of "must see!" was received about as

See LANDSCAPING D2

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**Full HD 1080**

# Legal bills an eye-opener for mining company



DAVID BAINES  
VANCOUVER SUN  
COLUMNIST

The legal bills rendered by Vancouver law firm Nathanson Schachter & Thompson to its client, Inmet Mining Corp., are a bit of an eye-opener, to say the least.

While representing the Toronto mining company in a particularly complex lawsuit against Homestake Mining Corp., the law firm charged 30 per cent more than its standard hourly rates, which then ranged from \$375 to \$500 per hour, without telling the client. That boosted the total fees by \$1 million, to \$4.37 million. Then, after stick-handling the case to a highly successful conclusion, the law firm decided that a fair overall fee would be \$10 million.

Inmet agreed to pay only another \$1 million more (of which \$873,362 accrued to the law firm after taxes), boosting the total fees received by the law firm to \$5.25 million. That was \$1.88 million, or 56 per cent, more than the normal hourly rate schedule.

But it was still \$4.75 million less than the law firm sought, net of taxes. To make up the difference, Inmet would have had to write a cheque for another \$5.44 million. It refused to do so.

Unhappy with being denied what it felt was a fair fee, the law firm appealed to B.C. Supreme Court. It is believed to be the largest contested legal fee in B.C. history, which is not surprising considering it was rendered on account of the largest civil judgment in B.C. history.

The case dates back to 1997, when Inmet agreed to sell a gold property in Northern Quebec to Homestake for \$178 million. Before closing the deal, Homestake received previously undisclosed information leading it to believe

the property's resources had been overstated. It refused to close the transaction.

Inmet hired Nathanson Schachter & Thompson and sued Homestake. A lengthy and enormously complicated court case followed. In the end, the court awarded Inmet a whopping \$88.2 million in damages, but no pre-judgment interest.

Inmet officials were ecstatic. They even called the victory a "company-maker." The joy compounded when Homestake appealed, and Inmet cross-appealed for pre-judgment interest and won, increasing the award to \$112.9 million.

Throughout the litigation, Nathanson Schachter & Thompson rendered monthly bills which were rounded up, quite arbitrarily it seems, between 11 and 52 per cent from the standard hourly rates.

Lead counsel Irwin Nathanson told B.C. Supreme Court registrar Murray Blok, who adjudicated the fee dispute, that he considered the normal hourly rates inappropriate, low, and that he always intended to bill a "fair fee" at the conclusion of the litigation.

Inmet general counsel Peter Rozee said he had not discussed the firm's standard hourly rates, but he thought the bills sent monthly represented the complete charges. He said it didn't occur to him there would be another bill down the road for the same services. When he heard that such a bill had been rendered, he was surprised and shocked. He said he would never have agreed to such an arrangement.

Nathanson first raised the matter of an additional fee in February 2002, after the lower court victory but before the appeal was heard. Inmet CEO Richard Ross said he was stunned by the request, but agreed to take it to Inmet's board of directors. The board decided to defer the matter until the appeal was heard.

Stephen Schachter told Inmet the appeal fees would be roughly \$550,000, but it turned out to be much more. During the appeal stage, monthly bills were grossed up from the normal hourly rate schedule by 39 to 95 per cent, increasing the appeal bill to nearly

\$1.2 million.

After the appeal was won, Nathanson resurrected the issue of an additional fee. Inmet's board, unaware that the law firm had already billed \$1 million more than its normal hourly rate schedule, authorized Ross to pay up to \$2 million more. Ross paid only \$1 million (of which the law firm got \$873,362 after taxes.)

Nathanson complained about the amount. He said the law firm had set the overall fee at \$10 million. Ross said he realized for the first time that Nathanson was pressing the matter as an entitlement, rather than a request. The battle lines were drawn.

In his decision, the registrar said there is no doubt the case was highly complex and the law firm demonstrated "superb skill."

He accepted that Inmet officials believed the monthly bills were final bills. However, he noted that the bills were labeled "interim accounts," which is quite different than "final accounts" and leave open the possibility of further bills.

He said there is no question that a premium is warranted, the only question was how much. He concluded the \$1.88-million premium (over the standard hourly rate schedule) already paid by Inmet was sufficient.

However, the registrar noted that other clients have been confused by the concepts of interim and final accounts, and are unpleasantly surprised to receive additional bills.

"It reflects ill on the profession that clients might feel — albeit through misunderstandings — that their lawyers, whom they have trusted with their most confidential and important matters, have been less than candid with them about their billing arrangements."

He recommended that "accounts intended by lawyers to be interim state on their face that the fees shown may not represent the complete fees for the services in question and that a further bill may be rendered."

As it now stands, Nathanson Schachter & Thompson may get another chance to re-issue its full bill. The firm has appealed the registrar's decision to a justice of the B.C. Supreme Court.

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# Finning one of the world's largest Caterpillar equipment dealers

From DI

While attractive commodity prices underpin Finning's outlook for 2007, he said the company is aiming to take its parts, service and high-margin rental business "from good to great" because those activities are relatively immune to market downturns.

"It is a big bottom line year for us, and when you look out to 2007, it looks like a very good year coming forward," Whitehead told analysts in Toronto on Tuesday.

"We are optimistic looking out

past 2007 to 2008 and 2009. There is no doubt we are going to spend some money on our facilities to accommodate this growth but, in general, we are very, very optimistic about what is coming down the track."

Finning International is one of the world's largest Caterpillar equipment dealers — selling, renting, financing and providing customer support in Western Canada, the U.K. and South America. Finning also owns Hewden in the U.K.

While Finning's U.K. operations have lagged those in the Americas, Whitehead said there

is a strong focus on operational improvement and strategic repositioning "to develop a business over there that will give us an adequate return."

He added that Finning International has avoided becoming a big bureaucracy, running its business with between 40 and 45 people at corporate headquarters in Vancouver.

"That group has not changed much in size in the last six, seven years," he told analysts. "We tend to have, in my view, a very elite team of people in all of our senior executive ranks."

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# 'Landscaping' works where 'must-see' doesn't

From DI

enthusiastically as a dinner-time telemarketing call. Homes with listings using the words "must see" had a statistically insignificant impact on the number of days they took to sell.

Listings where the word "landscaping" was heralded sold 20-per-cent faster, and homes in "move-in condition" took 12-per-cent less time to sell than the benchmark, although the study showed "move-in condition" had an insignificant impact on the sales price.

Owners use listing language to convey how serious they are about selling. Some words work better than others, Anglin's study found. Listings in which the seller said he or she was "moving" sold for one-per-cent less in price compared to eight-per-cent less when the seller was "motivated."

Real estate listings, not unlike personal ads, are crafted to minimize blemishes and maximize perceived selling points. So if "enjoys moonlight walks on the beach and cooking together" means "I'm unemployed and am looking for someone who won't always expect to eat out," then "needs TLC" might mean "this house will have you on a first-name basis with the clerks at the local hardware store."

Anglin's study isn't alone in efforts to determine what language moves the market.

Last year, the impact of listing language was covered in a National Bureau of Economic Research study that looked at whether real estate agents selling their own homes hold out for a higher price. (They do; the study found they take longer to sell but fetch a higher price.)

Descriptions of houses that indicated an obvious problem — such as "foreclosure," "as-is" and "handyman special" — drew substantially lower sales prices.

Words that suggested desirable attributes — "granite," "maple," "gourmet" — translated into a higher sale price, the study found.

One problem discovered was that "superficially positive" words that, in effect, damn with faint praise — such as "clean" or "quiet" — had zero or even a negative correlation with prices.

Those findings echo those made in a 2000 paper called *Real Estate Agent Remarks: Help or Hype?* researched by University of Texas finance and real estate professor Ronald Rutherford.

Rutherford found, among other things, that buyers read between the lines. If you can't find anything better to say than "new paint," perhaps it's best to say nothing at all.

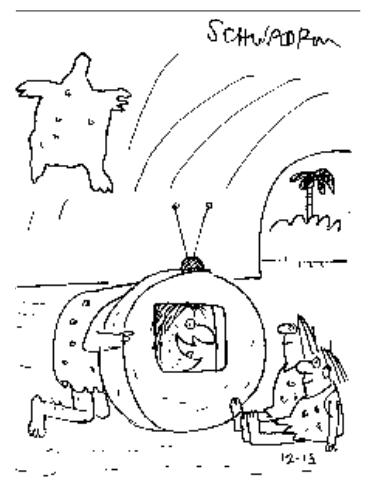
Positive and factually verifiable comments such as "golf" or "lake" drew increased sales prices; other presumably positive comments regarding new paint

or new carpet brought lower ones. "What you say needs to be extravagant," Rutherford said, "or the signal that is received by buyers is that it's not worth talking about."

But what do sellers know? "New paint" appeared on 15 per cent of the listings and was the most commonly listed comment. Rutherford said sellers would be best served by a listing with just the facts. "In today's market," he said, "if it's a good deal, you need to convey it with factually verifiable language."

Los Angeles Times

9 to 5



"I'm going to call my new invention 'television'."

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