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THE VANCOUVER SUN

# BUSINESS BC

SECTION  
**G**  
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B.C. LEADS COUNTRY IN JOB GROWTH | G3

COLUMNIST DAVID BAINES | G4

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**WORKING IT OUT**



"Sorry, sir. Was I supposed to laugh at your joke?"

**THE BLOWN STAR STATE**

The Lone Star State is now the star of wind power in the U.S. California had been the wind-power leader, with 2,376 megawatts of production capacity, but last year lost its top ranking to Texas, which has 2,739 megawatts, U.S. Energy Department statistics show. Experts predict a mighty wind-power increase this year will result in enough power for three million homes.

**SPENDING ON BENDING**

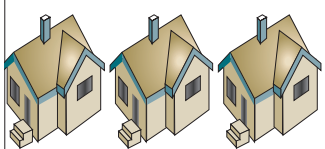
We knew Vancouver-based yoga gear maker Lululemon was on to a good thing — revenues of nearly \$150 million in 2006 was what tipped us off — but we wondered why Nike, Adidas and even Louis Vuitton were putting their logos on yoga stuff. Now we know — the AFP news service reports yoga generates \$18 billion US in sales annually worldwide.

**BUSINESS BC MONDAY**

**ASIA-PACIFIC:** B.C.'s tourism industry, hungry for workers, is turning to the Philippines for temporary staff, but the process for bringing workers here is taking up to 14 weeks.

**B.C. SNAPSHOT**

**Surrey homes in on title**



There were more housing starts in Surrey in the first five months of this year than there were in Vancouver. Surrey had the clear lead in detached homes and came a close second in multiples. Surrey had the most starts in the entire Vancouver Census Metropolitan Area, according to CMHC.

**Surrey housing starts, Jan.-May**

Detached:	583
Multiples:	958
Total:	1,541

**Vancouver housing starts, Jan.-May**

Detached:	202
Multiples:	1,110
Total:	1,312

Source: CMHC VANCOUVER SUN

A NEW LOOK FOR NORTH RICHMOND



PHOTOS COURTESY CITY OF RICHMOND

Richmond city planners envision large-scale residential developments, as well as plentiful public spaces, that focus north toward the Fraser River.

## ON THE WATERFRONT

**WEEKEND EXTRA**

**DEVELOPMENT | Olympic oval is heart of plan to create an 'international destination'**

BY DERRICK PENNER  
 VANCOUVER SUN

Touring a city with municipal planners can be hypnotic, especially on a warm spring day on a sun-dazzled stretch of Richmond's Fraser River waterfront. Richmond's planners are talking about a transformation of the city's core, with villages of high-density housing descending into leafy, pedestrian-friendly neighbourhoods including shops, an arts precinct, commercial

district and parks that all flow out to the riverfront. Standing on the dike looking out over the Fraser's middle arm, with a view that opens to the verdant bank opposite and North Shore mountains in the distance, it is easy to see the vision, notwithstanding the dusty construction site and sprawl of warehouses, commercial parks and strip malls at your back. The city is one year into the process of updating its official plan for the city centre, once bucolic farmland settled

by Richmond pioneer Samuel Brighthouse, and is now just beginning to collect public input. Spurred on by Canada Line rapid transit construction and development of the Olympic speed skating oval, the city has proposed creating nine transit-oriented village centres. Five centres would be anchored by Canada Line stations, four others would be linked with better bus service. And over the next few decades, the city anticipates that the city centre population could grow to 120,000, from about 40,000 today.

**WEEKEND EXTRA CONTINUES ON G5**



PHOTOS BY RICHARD LAM/VANCOUVER SUN

Work is already completed on UBC's new boathouse (left) just east of Dinsmore Bridge, and is proceeding quickly on Canada Line construction near the future Aberdeen Station (centre). BCIT's aerospace campus is also nearing completion on the north bank of the river across from the speed-skating oval.

## BC Ferries earnings sink slightly

**TRANSPORTATION |** A revenue increase to \$596.3 million was offset by increases in costs

BY BRUCE CONSTANTINEAU  
 VANCOUVER SUN

BC Ferries maintained a relatively even keel on the profit front last year, posting earnings of \$48.8 million — down slightly

from \$49.9 million a year earlier. The ferry operator said revenues for the year ended March 31 increased from \$579.2 million to \$596.3 million, while expenses rose from \$504.1 million to \$528.4 million.

The Crown corporation recorded an extraordinary gain of \$61.3 million last year, from insurance proceeds following the sinking of the *Queen of the North* in March 2006. With that gain, net earnings for the year were \$110.1 million. BC Ferries lost \$33.2 million in the fourth quarter last year, compared with a \$24.8-million loss a year earlier. It typically makes

profits during the spring and summer quarters, which are reduced by losses in the following two quarters. Operating expenses during the fourth quarter rose by \$18.3 million, due mainly to higher labour costs and vessel refits. Ferry workers accepted a new four-year contract that gave each worker a lump sum payment of \$1,000.

Capital expenses nearly doubled last year from \$136 million to \$262.6 million, with expenditures including: \$206 million for new vessels, vessel upgrades and modifications. \$38 million in marine structures, including a new berth at Swartz Bay terminal and

See **FUEL COSTS** G2

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# TECH TOYS

First, the short story; now, the small book



## 1 Xantrex PowerHub, \$900

Xantrex is at it again, making it possible to do everything from frothing your latte to powering up your notebook computer even when you're far from the comforts of the power grid or when the power goes out. A boon for that remote cottage, the PowerHub is an inverter/charger that collects, stores and converts power from the sun and wind, the utility grid or a generator. The PowerHub's charger keeps batteries fully charged for back-up power, and its inverter converts direct current (DC) from the batteries into the alternating current (AC) needed to run lights, refrigerators, phones, and all the other items you can't live without. A second battery box enclosure is available separately to house extra batteries, increasing potential power storage up to 400 amp-hours. Available at Canadian Tire.

## 2 Teeny Ted From Turnip Town, the world's smallest published book, \$20,000

Puzzling over what to get for Father's Day for the dad who has everything? He'll need more than cheater glasses to read the world's smallest book. But if he happens to have a scanning electron microscope lying around, that would do the trick. Published by Robert Chaplin, whose brother Malcolm Douglas Chaplin wrote the fable about Teeny Ted's victory in the turnip contest (whoops, have we given away the surprise ending?) this tome was created with the help of Simon Fraser University scientists Li Yang and Karen Kavanagh at the university's Nano Imaging Lab. It measures 0.07 mm by 0.10 mm — the head of a pin is a massive 2 mm by comparison. Teeny Ted is the tiniest read ever, beating out the two smallest books in the Guinness Book of World Records. Don't dawdle. There are only 100 signature editions of Teeny Ted available.



## 3 Targus USB Notebook Mouse Internet Phone, \$50

This is a hardworking little mouse. It's also a USB phone that's compatible with MSN, Yahoo, Google, Skype and Vonage services, so you can take advantage of yakking over the Internet for all those free or almost-free long-distance calls. It works like a standard three-button USB optical mouse, but when the phone rings, hit the answer key and pick it up to start chatting, or press the scroller wheel to activate the speakerphone.

## 4 Motorola K1 KRZR Red mobile phone, \$150 with a three-year term, \$310 with no term

Wear your commitment to helping fight AIDS in Africa on your phone. Motorola Canada and Rogers Wireless have teamed up to contribute to the global (RED) program founded by Bono and Bobby Shriver. Motorola will contribute \$8.50 US to the global fund for each of these little black phones with the red highlights that are sold in Canada. Last year, in its first year participating in (RED), Motorola contributed about \$7 million US to the global fund from the sale of its products, along with a \$5-million grant from the Motorola Foundation. The K1 KRZR is a slimmed-down version of the original KRZR.

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# HIGH-END DENSIFICATION IN PLAN

WEEKEND EXTRA FROM G1

One goal of the plan, says Suzanne Carter-Huffman, a Richmond senior planner, is to "turn the middle arm [of the Fraser River] into a focus instead of an edge." During a tour of development along the river, Richmond parks manager Mike Redpath added that for too long residents have felt contained by the river, seen it as being to their backs. Now, they want people to face the river and embrace the waterfront.

The \$178-million Olympic speed skating oval that Richmond is building on the last remnant of the old Brighthouse Estates at Holybridge Way and River Road is one catalyst for the strategy.

And in March, the city received \$141-million worth of buy-in from Aspac Developments Ltd., which purchased the remaining 74 hectares adjacent to the oval to build just the kind of housing Richmond is talking about: High-density towers stepped toward the waterfront, with lots of trees and green space surrounding them.

When the purchase was announced, city officials suggested the site could contain about a dozen buildings, 2,000 housing units, and as many as 4,000 people.

"What we see happening [around the Olympic oval] is really the creation of an international destination," Richmond Mayor Malcolm Brodie said. "A place of great interest where there will be a lot of people in a highly livable neighbourhood with great amenities."

Brodie added that the city was looking for something special to do with the property, the last of the 219-hectare Brighthouse Estates property Richmond bought, amid controversy, for \$1.45 million in 1962.

That justified pursuing the Olympic oval — the biggest piece of municipal infrastructure that Richmond has yet built, according to Brodie. Richmond will put about \$62 million of money it will get from casino revenues and development fees into the project. The Vancouver Olympic Organizing Committee is chipping in \$60 million, with the balance to be paid for out of Aspac's purchase.

Aspac developed a large part of Vancouver's Coal Harbour, and Lance Brown, Aspac's marketing manager, said his firm bid for the area because it is a large waterfront site with excellent North Shore views in a region that is running short of them.

Its plans are for "probably the highest-end development Richmond has seen to date."

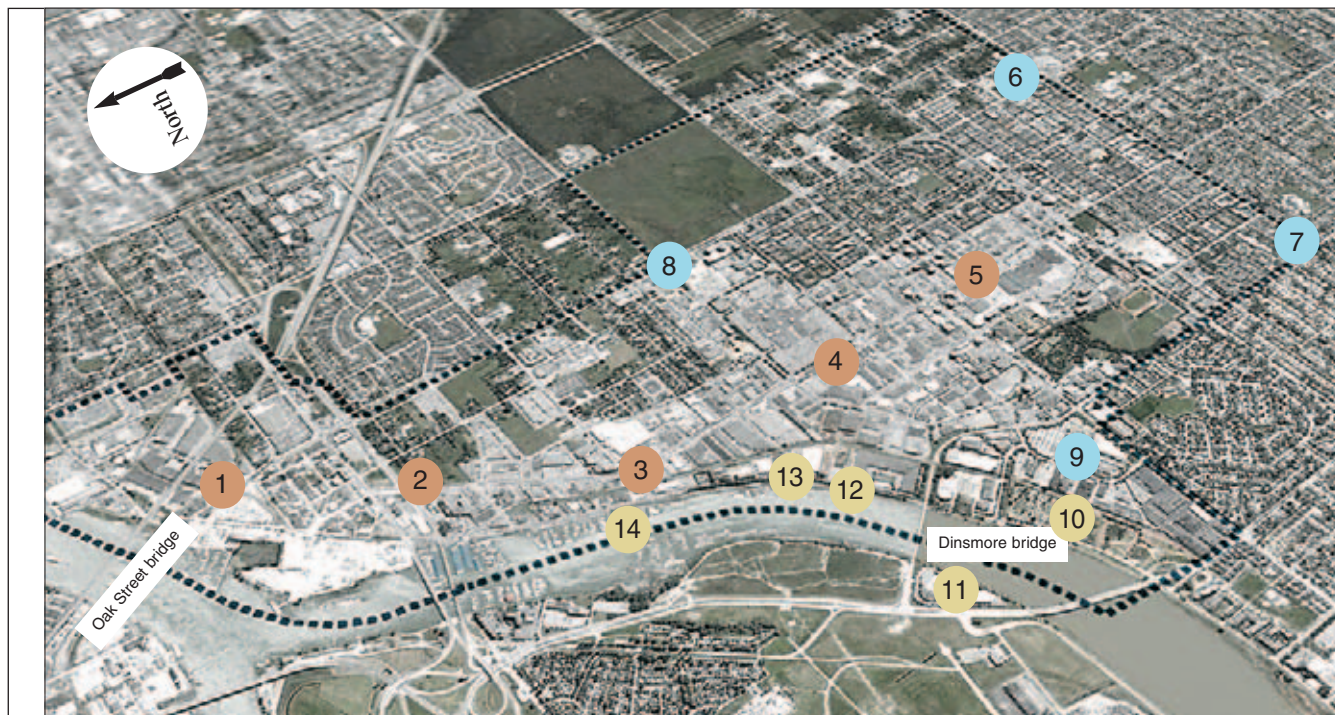
Brown added that the Olympic oval was initially only of secondary interest to the development company, but the more it works on the site the more they think it will become "a fantastic destination" location on "a very nice, attractive waterfront."

"We look very much at the development we're responsible for," Brown said. "It's not for us to influence what goes on outside of that. But purely from a working point of view, it's great to be working with a city that has [this] sort of vision."

Aspac likes to build communities, not just buildings, Brown said. And for the Olympic oval lands, he said Richmond did a great deal of work devising what kind of community it wanted to see on the property that "fitted in well with what we saw for that particular piece of land."

Carter-Huffman said the city's request for proposals that went to Aspac and other potential bidders involved a public-consultation phase to refine the city's ideas on how to fit in residential buildings, commercial spaces and green spaces.

The development won't happen all at once. Brown said Aspac's initial thoughts are that the construction will be structured into four phases, with the first comprising



## Looking into Richmond's future



City of Richmond planner Suzanne Carter-Huffman and parks manager Mike Redpath look out over the middle arm of the Fraser River as they envision a number of key projects that will redefine the north end of the city:

CANADA LINE STATIONS	'URBAN VILLAGES'	OTHER PROJECTS
1 Bridgeport Station (and possible expanded casino)	6 Garden City/Blundell	10 Olympic speed-skating oval
2 Capstan Station (and major residential development)	7 Gilbert/Blundell	11 BCIT aerospace campus
3 Aberdeen Station (and arts and culture hub)	8 Alexandra/West Cambie	12 UBC boathouse
4 Landsdowne Station	9 Olympic Gateway	13 Paved bike/walking path
5 Brighthouse Station		14 Pedestrian bridge

700,000 square feet of residential development, and about 25,000 square feet of ground-level commercial space.

He said development on some parts of the site won't begin until after the 2010 Olympics, and could take up to 12 years to complete.

Aspac isn't too concerned about its high-end development backing onto warehouses and commercial parks either. Brown noted that much of that land is also slated for redevelopment in the image of Richmond's ambitious plans.

Carter-Huffman said the city does want to see redevelopment, but has no plans to move businesses out.

She said there are only a few, development-savvy property owners in the commercial area around the oval lands, so they "are well aware of [their land's] potential. What's happening is not a surprise to them."

Redpath added that a new waterfront park will "blend seamlessly" into the Aspac development. The city is also ready to move on construction of a \$2.3-million hard-surfaced path that will run along the Fraser River dike and link the Olympic oval with Aberdeen Centre.

The University of B.C.'s new John M.S. Lecky boathouse is one amenity that Redpath said has already begun to animate the waterfront, drawing crowds for rowing regattas and Dragon Boat races.

He added that the future vision includes a new pedestrian bridge where Cambie Road reaches the river, which would link nature trails on the north and south banks of the river, as well as give BCIT's new aerospace campus access to Aberdeen Centre.

Brodie added that Aberdeen Centre mall's owners, the Fairchild Group, has

offered its own buy-in to Richmond's plan by agreeing to build an extension of the mall development to link with the Aberdeen Canada Line station.

Aberdeen is one of the five village centres Richmond envisions creating, although not one that is slated for large-scale, high-density housing. What the city does want to see is a major public space with commercial development and an arts and culture precinct.

Developer Pinnacle International is also getting in on Richmond's plan, Brodie said. The company has proposed another massive, 16-building, 2,100-unit development around Capstan Way and No. 3 Road, and will put up \$15 million to fast-track construction of another Canada Line station.

At Bridgeport Road and No. 3 Road, Brodie said that Great Canadian Casinos has committed to build a large parking garage to partly serve as a park-and-ride facility for the Bridgeport Canada Line station, and is also contemplating putting an additional hotel building on top of it.

And although Richmond city council has talked about increasing its city centre's population density since the mid-1990s when Brodie was first elected to council, the mayor is not presupposing how residents will accept what he described as "formidable densification."

However, from Richmond Coun. Harold Steves' perspective, the densification proposed in the concept plan is better than

encouraging additional sprawl into the city's dwindling farmland.

"Once you've made that step away from a quiet residential community to a major metropolis, you don't go half way," Steves said.

Steves, who is also a farmer, is one of the advocates attempting to stop Richmond's Garden City Lands, a 55-hectare parcel of prime farmland within the city centre area, from being removed from the Agricultural Land Reserve.

The removal is being proposed by the City of Richmond, the Musqueam First Nation and Canada Lands Co.

Steves doesn't understand why the city centre's densification cannot be contained within the No. 3 Road corridor, the area that used to be the old Brighthouse Estates.

He is okay with building up No. 3 Road from Granville Avenue north, which he remembers as nothing but farmland.

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## Equity markets could be due for a full correction



MICHAEL CAMPBELL  
VANCOUVER SUN  
COLUMNIST

If you own mutual funds, stocks, belong to a pension fund or invest in virtually anything — you might want to read the following.

Or then again, you might not. First a little fact courtesy of the venerable Richard Russell of the Dow Theory Letters: in every decade since 1850, the two-year period that ends in a six or seven — for instance, 1856-1857 — has witnessed a full correction in the equity markets. We haven't had ours yet in 2006-2007. Could the current period be the first exception in 157 years or is this week's market weakness the beginning of a meaningful downturn?

I'm not one to make investment decisions based solely on cyclical patterns, but I do have to admit it was on my mind when I read this week that the major U.S. brokerage firm Morgan Stanley had turned bearish. They issued what they term a "full house" sell signal for the first time since April 2002, whereupon the market proceeded to drop 26 per cent. This time they are expecting at least a 14.2 per cent drop over the next six months.

It's only the fifth such signal they've issued since 1980 so I thought I should pay attention. Especially since other respected analysts — Joe Granville, Institutional Advisors' Bob Hoye and super trader Dennis Gartman among others — are urging caution.

What's caught the attention of many analysts is the sharp upward movement of

long-term interest rates, which for the most part — but not always — spells trouble for stocks. Bond markets around the world have been dropping over the past few weeks as interest rates rise. As Morgan Stanley's Teun Draaisma, stated, "Interest rates are rising and reaching critical levels. This matters more than growth for equities, so we think the mid-cycle rally is over."

The fact that markets go up and down is hardly a surprise and the significance of any downturn remains to be seen. However, given that my first rule of investing is "preserve capital" I never mind taking some money off the investing table. I've already reviewed my portfolio and reduced exposure in the equity markets, especially the more speculative ventures, which always seem to be hit much harder in the event of an across-the-board downturn.

Of course there's no problem standing pat if your financial and emotional make-up can stand a 15- to 20-per-cent correction but it never hurts to review your portfolio with your financial advisor to be sure that its make-up is still right for you. One of the great lessons I've learned is to make sure that my equity exposure matches my level of certainty. So in periods where I feel confident that I have a finger on the market's pulse, I'm heavily invested. When I'm not nearly as confident, I make sure that my exposure is reduced and I have cash on the sidelines.

With the massive sell-off we witnessed Wednesday and Thursday, the sharp rise in long-term rates combined with the unwinding of the inverted yield curve, my level of uncertainty is rising. I'm happy to have reduced my equity exposure so I can sleep at night.

Of course many will disagree with me and maybe I'm too cautious, but I'll remind you of an old line, courtesy of Dennis Gartman: "If everyone around you is losing their heads and you're not, you've just not heard the news yet."

Michael Campbell's Money Talks radio show can be heard on KKNW 980 on Saturdays from 8:30 to 10 a.m.

## INVESTING FOR HIGH MONTHLY INCOME

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Presented by Mr. David Graham  
Investment Advisor, RBC Dominion Securities  
18 years investment management experience as investment advisor and former Vice President with Fidelity Investments Ltd.

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- 5 high quality, top ranked Monthly Income Funds to consider
- 8 highly rated income trusts and common shares to consider

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\*Concepts and strategies discussed are best suited for larger income oriented investors (\$250,000+) who are considering a new investment advisory relationship.

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