

BHP's promises nothing but 'dreams and train smoke'

Saskatchewan says reports that BHP's bid for PotashCorp is OK are a betrayal

By The Canadian Press

Ottawa should block BHP Billiton's bid for PotashCorp because promises made by foreign companies in takeovers often amount to "dreams and train smoke," Saskatchewan's premier said Tuesday, a day before the federal government will rule on the largest takeover in Canadian history.

Brad Wall said it would be a betrayal of the province if reports are true that Investment Canada has already tentatively approved the takeover, subject to certain conditions. The Saskatchewan government is firmly against the BHP bid, saying it does not provide a net benefit to the province or the country.

Wall said Investment Canada's track record isn't very good when it comes to inspecting promises made by foreign companies in takeovers.

"Saskatchewan has credibly presented, and others, have credibly presented the facts that when these takeovers happen and promises are made they're not kept. They're dreams and train smoke," he said.

"They just fundamentally have been not kept by the companies, so now we're going to get an extra super promise. Now we're going to get a committee, an inspector, a promise inspector maybe to make sure it happens. At the end of the day, Investment Canada's track record isn't very good in terms of being of the promise inspector."

The federal government has come under fire for its handling of recent foreign acquisitions. Brazilian mining giant Vale's takeover of the former Inco in 2006 was criticized during a year-long strike involving about 3,000 employees at the company's operations in Sudbury, Ont. Vale employees in Voisey's Bay, N.L., are still on strike.

And Ottawa is in the midst of a lengthy court case with U.S. Steel Corp. (NYSE:XL), which acquired the former Stelco in 2007. U.S. Steel admits it broke employment and production promises it made under the Investment Canada Act, but says it had no choice because of the global recession.

The premier also raised the possibility of a legal challenge if Ottawa allows the deal to go ahead.

"If we're going to mount a legal challenge that would have to happen quickly and it will," Wall said.

Industry Minister Tony Clement flatly denied reports Tuesday that Investment Canada had already made a tentative recommendation to approve the takeover, subject to certain conditions.

"As of yet no decision has been made and no decision or recommendation has been communicated to the investor," Clement said in a statement.

FOCUS ON ENTREPRENEURS

Your year-round place in the sun

The Daily Courier charts the growth of entrepreneurial efforts in the Central Okanagan with this report about business starts

By STEVE MacNAULL
The Daily Courier

As a former cop and now a realtor, Diane Olson lives by the adage location, location, location.

"When I was a police officer (with the Winnipeg Police Department) it was all about location, location, location on crime reports," she said during a stop in Kelowna.

"Now that I'm selling second, vacation and investment homes to Canadians in Phoenix it's also location, location, location."

Of course, when she was writing those crime reports the locations were usually seedy.

Now it's all about what great bargains there are in safe, trendy and picturesque neighbourhoods in Phoenix and beyond.

Olson came to Kelowna recently as part of a series of seminars across Canada touting buying in the U.S. sun-belt and utilizing her specialized services.

"I never give a hard sell," said Olson. "I provide information, and as a result sales happen."

For instance, the approach has worked so well that Olson has become the go-to realtor for Canadians interested in buying real estate in Phoenix.

She has a staff of 22 realtors who combined sell hundred and hundreds of homes annually to sun-seeking Canucks.

"My husband is American and after we moved to Phoenix I was lonely for home and just started encouraging other Canadians to buy in Phoenix," she said.

"It ended up being a great niche



Contributed photo

Transplanted Canadian Diane Olson is now a realtor in Phoenix who specializes in selling homes to Canucks.

business."

Canadians have long been lured to Phoenix, the cosmopolitan metropolis in the Arizona desert.

It's sunny and hot year round and it hardly ever rains.

There's golf courses and pools galore fringed by palm trees.

However, the scene is even more alluring now with incredible deals in real estate and the Canadian dollar at near par with the American buck.

The recession hit the vacation-home dependent real estate market in Phoenix hard.

As a result, prices plunged.

But Olson urges Canadians not to shop by price alone.

"You don't want to go into an area that's unsafe just because it's cheap," she cautioned.

"And you can't expect big discounts in Scottsdale (Phoenix's most famous and upscale suburb)." However, you can find condominiums that used to be \$500,000 for \$200,000.

And there are many nice condos in complexes with pools in the outskirts of the city for \$100,000 to \$125,000.

Single family homes with pools in good neighbourhoods previously \$400,000 can now be had for \$175,000 to \$200,000.

"Generally prices are down 40 to 60

per cent," pointed out Olson.

One would think Canadians swooping down and buying up prime real estate in distress and foreclosure sales would irk financially strapped Americans.

Quite the opposite, said Olson.

"Canadians are good property owners who keep their homes well-maintained," she said.

"Such homes are in high demand amongst Americans who want to rent."

In fact, Olson said Canadians who buy as an investment in a good neighbourhood in Phoenix can usually rent it out to a long-term tenant within two weeks and realize positive cash flow.

There's the investment side of the market, which accounts for about one-third of the Canadians buying in Phoenix, according to Olson.

There's one-third second home buyers and on-third vacation rental buyers, who use the property themselves for holidays and then put it into the rental pool for the rest of the time.

Olson offers full-service, from picking up and dropping off clients at the airport, showing them properties and finalizing sales to lining up cross-border lawyers and accountants and recommendations into her network of landscapers, furniture stores and property managers.

Check out dianeolson.ca.

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Loonie close to par

TORONTO — The Canadian dollar gained almost two thirds of a US cent Tuesday as the U.S. dollar lost strength ahead of a much-anticipated U.S. Federal Reserve meeting that's expected to result in another round of stimulus to support the flagging American economy.

The loonie rose 0.64 of a cent to 99.06 cents US.

The greenback has been under selling pressure recently as investors await Wednesday's Fed announcement.

The consensus in the markets

calls for the U.S. central bank to announce another round of quantitative easing in the form of monthly asset purchases of around US\$100 billion a month over the next six months at the conclusion of its two-day scheduled meeting on interest rates.

Questions about the size and duration of such a program have put pressure on the U.S. dollar recently, since the stimulus measure involves the Fed printing vast quantities of currency.

— *The Canadian Press*

Bombardier set to make inroad in India

MONTREAL — Bombardier's efforts to tap into the Indian transportation market is bearing fruit after discount carrier SpiceJet said it plans to spend about US\$900 million to order 30 Q400 NextGen turboprops.

The airline informed the Bangkok Stock Exchange that its board approved an initial order for 15 planes with an option for 15 more on Tuesday, with deliveries beginning in the second quarter.

The airline's new CEO told reporters in New Delhi that it plans to more than double its fleet in about three years. It currently flies 22 Boeing 737s to 18 India cities.

"We believe that the enormous potential in the Indian domestic market can be further tapped by enhancing regional connectivity," Neil Mills said.

Founded five years ago, it is India's fifth largest carrier and second-largest low-fare airline with about 12.8 per cent market share. It launched service to Nepal and Sri Lanka in October and services 22 destinations in India and the neighbouring countries.

SpiceJet placed a US\$2.3-billion order in July for 30 Boeing planes that will begin to be delivered in 2014.

Bombardier spokesman John Arnone said no agreement has been signed, but acknowledged that the company was in talks with the SpiceJet.

"We look forward to finalizing a purchase agreement for Q400 aircraft," he said in an interview.

Bombardier (TSX:BBD.B) has CRJ planes in operation in the world's largest democracy, but this would mark its first delivery of new Q400 turboprops.

"As a market, we're very bullish on the potential for our aircraft in India. It is a market that has the ideal conditions for any one of our three family of aircraft — Q400, CRJ as well as CSeries," Arnone said.

Bombardier forecasts that India will increase its fleet of between 20 and 149 seat aircraft from 120 to 650 aircraft in the next 20 years.

India's soaring economic growth is expected to support increased air travel, with passengers nearly equal to twice Canada's population taking to the skies over the next decade.

— *The Canadian Press*

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