
ATLANTIC CANADA'S TOP FIVE NEWSMAKERS

BIG DECISIONS, BIG DEALS, BIG MONEY: 2009 WAS A BIG YEAR FOR BUSINESS.

— BY: STEVE PROCTOR —

The blockbuster deal between Hydro-Quebec and NB Power overshadowed rivals for the nod as the region's top business story, but with billion-dollar offshore deals on the table in Newfoundland, paper mills closing and both the recession and the swine flu lurking about, there were plenty of contenders for the other four spots. Here are our top five Atlantic Canadian newsmakers for 2009.

NO. 1: HYDRO-QUEBEC COMES CALLING

IF YOU TASKED A TEAM of journalists with creating the 'perfect' business story, they'd be hard-pressed to come up with something better than Hydro-Quebec's proposed takeover of NB Power. It involves big money, secret meetings, clashing ideals, strong and vocal opponents. It has even annoyed the Americans. The only thing that's missing (so far) is the sex.

One suspects New Brunswick Premier Shawn Graham had little idea he would be unleashing a firestorm of protest when he sat with Quebec Premier Jean Charest in late October to announce he was selling most of NB Power's assets for close to \$5-billion. Wasn't the deal crafted to make him a hero for dumping an ill-performing Crown Corporation, eliminating 40 per cent of the provincial debt and ensuring New Brunswickers had among the lowest power rates in North America for at least five years? Heck, he and his advisers probably thought there would at least be some positive spinoff from the green parts of the deal that sidelined filthy thermal generating plants, thus

assuring savings into the future when a carbon tax is imposed.

It didn't unfold that way. Instead, the deal raised the ire of political adversaries, provincial counterparts and many average New Brunswickers who saw the Province abandoning self-sufficiency. For weeks, the front pages of newspapers across the region were filled with stories dissecting the deal and editorials dissecting Graham. The phone lines of radio talk shows lit up like Christmas trees whenever the matter was discussed.

It was a story that kept on giving. When Frank McKenna threw his considerable political weight behind the deal, Danny Williams rushed off south of the border to warn the already nervous Americans that a Hydro-Quebec monopoly on transmission lines running south was a prelude to Armageddon. Was his fervour fuelled by the fact the deal might scuttle his plans to sell future power from the Lower Churchill Falls development through that same corridor?

Even as 600 angry New Brunswickers gathered around the legislature, hammering

Graham for negotiating the deal in secret, for renegeing on his 2006 election promise to keep the utility in public hands, and for exempting Hydro-Quebec from future tax payments, word slipped out from Charlottetown and Halifax that Mr. Charest was still in a courting mood for other provinces' power utilities and powerful people were listening to his wooing.

In Fredericton, Graham remained stalwart and his refrain remained the same. It was too good of a deal to pass up. The Province's debt was crushing its ability to compete, and with the lower power prices, especially for the corporate sector – a 35 per cent drop for large businesses and 15 to 20 per cent for medium-sized business – industries would be lining up to set up shop in New Brunswick.

At least, that's the message he will be spending \$1-million to take to the public in an ad campaign. Depending on his success, the deal will likely be back on this Top Five list next year.

Good luck with making debt reduction sexy, Shawn.

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Faculty of Business Administration

APPOINTMENT

Memorial University of Newfoundland is pleased to announce the appointment of **Dr. Wilfred Zerbe** as Dean of the Faculty of Business Administration. Dr. Zerbe previously held multiple leadership positions at the Haskayne School of Business of the University of Calgary.

As Dean of the Faculty of Business Administration, Dr. Zerbe is working with government and industry to continue to build the Faculty of Business Administration as a leading Canadian and international business school. The Faculty of Business Administration is recognized as a leader in Canadian business education, offering innovative degree programs at the undergraduate and graduate levels and executive education and business development services through the Gardiner Centre. The scholarship of the Faculty in top business journals ranks first among universities in Atlantic Canada. Memorial University's research priorities and activities, including those of the Faculty of Business Administration, are helping to strengthen Newfoundland and Labrador's position as an emerging leader in meeting Canadian and global energy needs.



Learn more about Memorial's Faculty of Business Administration at www.business.mun.ca



No. 2: Danny's Royalty Coup

IF DANNY WILLIAMS' aggressive involvement in the NB Power/Hydro-Quebec deal has made him a little more unwelcome than normal in Fredericton, his unique style of political hardball continues to earn him fans at home.

Why not play hardball? It works. After two years in a dramatic tug of war with three of the world's largest oil companies, Williams announced in June he had signed a tentative offshore oil deal that would be worth more than \$10-billion in royalties to the Province – twice as much as the Rock has collected from all three previous offshore projects put together.

For a paltry \$30-million, Newfoundland and Labrador bought a 10 per cent equity share in the Hibernia South oilfield, the southern corner of the project that started the Province's climb from "have not" to "have" status. With projected reserves of 223-million barrels of recoverable oil and an unprecedented 50 per cent royalty rate, the Feds, who walked away with just \$3.5-billion, were left shaking their heads.

The scope of the coup became even clearer later in the summer when Nova Scotia was forced to announce its offshore royalty numbers were tanking because of near-comatose natural gas prices. Premier Darrell Dexter announced his Province's expected revenue for the year would be just \$151-million, a 70 per cent drop from projections made just a year ago.

No. 3: Navigating the storm

THE CLIMB OUT of the economic doldrums has proved harder and longer than many had predicted. With currency fluctuations making it difficult for manufacturers to find stable footing and banks and traditional investors still sitting to the side of the trail, it became government's role to pull the economy forward.

Pouring millions into highways, university buildings, sewage treatment plants, and even military ships, governments created jobs and spending that cushioned the impact of anemic tourism, depressed housing prices, and retail sales that were more tortoise than hare.

If the effort was criticized in the short term because projects in Tory ridings seemed to attract more funding, there were signs the crushing debt-load in the wake of the stimulus

spending would be fodder for future attacks. Indeed, Shawn Graham's bid to cut debt by selling assets might be a foreshadowing of things to come.

With all its downsides (everything from seafood to lumber and tires was more expensive to export), the strong Canadian dollar helped fill buses for cross-border shopping expeditions and had misguided Atlantic Canadians swelling with pride as it approached parity with its traditionally stronger American cousin.

On the up side, with fewer Americans around because their money didn't go as far as it once did, it was easier to get a table in the best pubs where you could drink yourself silly waiting for the real recovery to take hold.



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No. 4: Forestry woes

IN 2009, AbitibiBowater became a four-letter word.

The struggling paper giant closed its pulp and paper mill in central Newfoundland in February, throwing 450 workers and 250 foresters out of work. It put another 300 on edge in Nova Scotia by ordering repeated shutdowns of its Brooklyn plant before eventually chopping the plant's capacity in half.

The blow in Newfoundland was not swift and painless. Workers whose fathers and grandfathers had laboured in papermaking were forced to watch the agonizing end, as the Province expropriated the company's timber and hydro-electric generating assets, only to see the company counter with threats to launch a trade action under the North American Free Trade Agreement to recoup \$300-million it felt it was owed.

Even though the company had shut another mill in Stephenville in 2005, there was no joy when it finally filed for creditor protection in April. There was just morbid speculation about how hard a restructured firm would press for cost-cutting and wage concessions at its remaining plants.

The dark tone was the same across the region as sawmills and lumber yards stood idle, waiting for the resurrection of the American housing market. Several mills closed when the recovery failed to come by year's end. Others limped along, supported by governments anxious to keep jobs in rural areas.

In November, when those same governments refused to get drawn into fractious talks between AbitibiBowater and its union, negotiations broke down and issues involving pensions and restructuring procedures remained unresolved.

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No. 5: H1N1 Jive

IF Y2K, also known as the millennium bug, was the overhyped non-starter story of a decade ago, this year's over-reported underachiever also sported initials: H1N1.

From the time the first television images showed Mexican businessmen wearing surgical masks, Atlantic Canadian tourism operators, restaurateurs, and business owners of all sizes have fretted about the possibility that one day half their staff would call in sick with the swine flu.

The federal government fanned the flames with its relentless calls for vaccination, and Chambers of Commerce did little to calm the waters by urging all businesses to have a disaster plan in place. Sales of hand sanitizer went through the roof and door knobs and keyboards sparkled from countless repeated cleanings.

Even as experts were reporting that the consequences were no different than the normal flu season, a series of tragic deaths, school closures, and poorly organized clinics left mothers

frazzled and angry (and that was before television cameras gave the story the emotional legs to keep driving forward). The dreaded "second wave" fizzled as did fears the costs would outstrip the \$2-billion price tag associated with SARS in 2003.

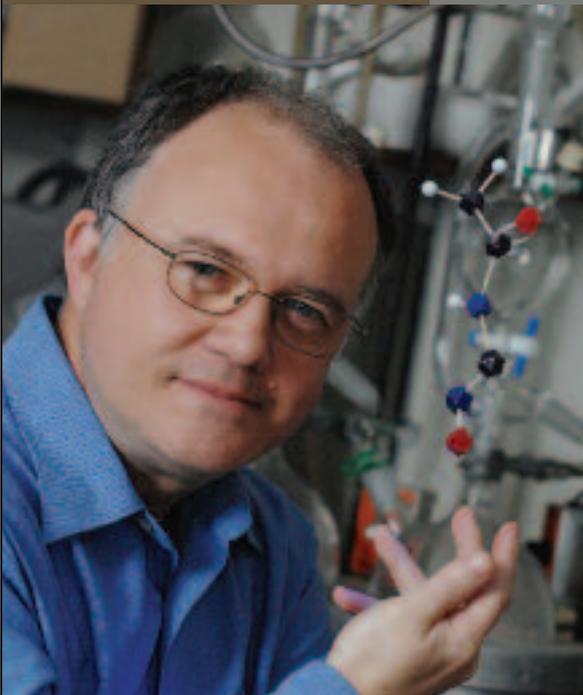
A few department store Santas may have used the hype to jump the vaccination queue, but the impact on most businesses was minimal.

Not all the energy that business threw into prevention was wasted. Kevin Kelloway, a workplace specialist at Saint Mary's University in Halifax, says many businesses were forced to look at their absentee policy and update ancient protocols that required notes from doctors or encouraged people to come in even while they were sick.



CREATING A PRESCRIPTION FOR BETTER HEALTH THROUGH RESEARCH EXCELLENCE

Dr. Donald Weaver Awarded Prix Galien, Canada



The Prix Galien is known as the Nobel Prize of pharmaceutical research, and is the highest distinction worldwide for biopharmaceutical work. **We are proud to congratulate Dr. Donald Weaver on winning this prestigious award.**

Dr. Weaver is an internationally acclaimed neurologist, holding the positions of professor and Canada Research Chair in Clinical Neuroscience at Dalhousie University, Research Director for the Department of Medicine at Dalhousie Medical School and Capital Health, affiliated scientist at the NRC Institute for Biodiagnostics (Atlantic) and cross-appointed to Obstetrics and Gynaecology and Pediatrics at the IWK Health Centre. It was his work in designing novel drug therapies to treat chronic neurological disorders such as epilepsy and Alzheimer's disease that earned him *the Prix Galien*.

All Nova Scotians can take pride in Dr. Weaver's accomplishment. This award is a testament to the innovative, world calibre work being conducted by the dynamic research community here in Halifax.



Capital Health **NRC-CMRC**



Newsmakers of the Year: Judging Panel

Atlantic Business Magazine thanks the following members of our regional media panel for their assistance in deciding the top newsmakers of 2009.



MOIRA BAIRD is a reporter with *The Telegram*, the daily newspaper in St. John's, Newfoundland. For the past 10 years, she has reported on the province's offshore oil industry, other natural resource sectors and business. She lives in St. John's.



VIVIEN BRUCE is president of A.V. Bruce & Associates Inc., a Moncton-based communications firm specializing in media monitoring and analysis for regional, national and international clients in the public and private sectors. During her career, she has been production director of *Atlantic Journal of Opportunity* and *Commercial News*, as well as publisher of *Halifax Business magazine*.



DAVID CAMPBELL, founder and senior consultant with Jupia Consultants Inc., authors a daily online blog entitled "It's the Economy, Stupid" as well as a weekly economic development column in the New Brunswick *Telegraph-Journal*. He is also a published author, a frequent commentator on radio and TV, and guest lectures at several Maritime universities.



BILL MCGUIRE is the news/assignment editor at the *Charlottetown Guardian*. He started his career with the *Guardian* covering agriculture, fisheries and tourism. He moved to sports for 12 years and then worked as an editor at the *Truro Daily News* and *Cape Breton Post*. He

returned to *The Guardian* in 2003 as news editor; he also handles business and financial news.



JUDY MYRDEN has been a reporter with *The Chronicle Herald* for the last 25 years, writing for the business and news departments. She has covered provincial and federal elections throughout the years, and currently covers a broad range of energy issues. Judy lives in Halifax with her husband (CBC-TV political reporter Paul Withers) and two daughters, Ellen and Clare.



GERRY PHELAN joined VOXM radio in 1984 and was appointed news director a year later. Since then, he has led VOXM to more than 80 journalism awards, including 12 Edward R. Murrow International honours. Gerry served four years as president of Canada's news directors association, and two years representing international members on the Washington-based Radio and Television News Directors Association.



STEVE PROCTOR spent 25 years as a reporter and editor with a Halifax newspaper. He is now pursuing his entrepreneurial dreams, running his own consulting company, The Culture Shift, working with Public Affairs at Saint Mary's University and teaching business journalism at the University of King's College. He is also writing a book about an overlooked Canadian hero. 

1/2 NLC