

BUSINESS

In the markets News from Greece welcomed by TSX investors **B2**
 In the air High costs of flying in Canada comes under scrutiny **B3**
 G20 summit European Commission president balks at Harper advice **B3**

MARKETS REPORT

TSX 76.23 to 11,601.13 YTD -3.0%	DOW 25.35 to 12,741.82 YTD +4.3%	Nasdaq 22.53 to 2,895.33 YTD +11.1%	Gold 1.00 to US\$1,627.10 YTD +3.7%	Dollar 0.0024 to US\$.9765 YTD -0.7%	Crude 0.99 to US\$83.02 YTD -16.0%
Nasdaq Canada 2.20 373.15	S&P 500 1.94 1,344.78	S&P/TSX-60 4.23 662.80	TSX Venture 8.73 1,259.75	Natural gas US\$0.022 2.66/MMbtu	Euro \$0.0053 US\$1.2578

SECTION B / TUESDAY, JUNE 19, 2012

TELEGRAPHJOURNAL.COM

Ganong fills void after CEO departure

BRUCE BARTLETT
TELEGRAPH-JOURNAL

David Ganong stepped back into the top position at the family owned candy business in St. Stephen Monday following the departure of Doug Ettinger, the first president and CEO from outside the family.

Four years ago, Ettinger joined the firm but is now going to Nova Scotia to head Scotsburn Dairy.

"The decision to leave was Doug's," Ganong said. "He's going back to his home province, closer to his family. He has an opportunity there and he has chosen to take advantage of that opportunity."

For most of its 139-year history, Ganong Bros. Ltd. has been run by a family member, but in 2008 the company reached outside to bring in Ettinger, who had held senior management positions with Coca-Cola, Nestle, Parmalat and Baxter Foods.

David Ganong's children, Bryana and Nick, both work for the company, but at the time their father said although they were highly capable, they were not yet ready to take the company where it needed to go.

Monday he said the decision on whether to take someone from inside the company, or look outside, will be made by the board of directors at its next meeting on July 18.

"We have some very strong internal management at the moment, so we may just occupy me for some period of time while we bridge to them, or the board may choose to go outside," he said. "That decision has not yet been made."

He confirmed that both his children have expressed an interest in heading the company.

"We have operated with a full outside fiduciary board for many years, so I think the family needs to coalesce on this and see what we think is the right thing to do," he said. "And I'll obviously have to make some proposals to the board on the 18th, and then the board will look at what course of action they think is best for the company."

Ganong has taken an active role in the company over the past four years as executive chairman, involving himself in an expansion program as well as getting involved in energy issues affecting the province.

"I was pretty well full time along with my public policy things from February, so I'm up the curve fairly far," he said.

If the board recommends recruiting a new CEO from outside, it could take many months to find the right candidate, so Ganong is prepared to remain in the position until the issue is settled.

PLEASE SEE → **GANONG, B2**



David Ganong
PHOTO: TELEGRAPH-JOURNAL ARCHIVE

ATLANTIC CANADA BIO-REFINERY CONFERENCE UNDERWAY IN SHEDIAC



Barrie Fiolek of BioEnergy Inc. told the audience that biomass is an energy source that is not well understood. PHOTO: JAMIE ROACH/FOR THE TELEGRAPH-JOURNAL

BIOMASS BENEFITS TOUTED

Energy Conference hears of abundant, neglected fuel source

PAUL CLARKE
TELEGRAPH-JOURNAL

SHEDIAC – At a time of soaring energy costs, biomass offers a cheap, environmentally friendly alternative for both consumers and businesses, yet it remains an underutilized renewable energy source, according to a Nova Scotian biomass company.

"Biomass as a renewable energy source is not well understood in the Atlantic provinces," said Barrie Fiolek, president of BioEnergy Inc., during the first Atlantic Canada bio-refinery conference held in Shediac on Monday.

"Biomass is very abundant and can be found on every square foot of the Earth from seaweed to trees, and it's easy to convert

into high-energy portable fuels such as pellets, briquettes, bio oil, alcohol and gas. It is also cheap in contrast to other energy sources when all costs are considered," he said.

"There are multiple uses for biomass. Biomass is just not old-growth forest that you have to cut down. There's everything from dedicated energy crafts

to wood-based convergence to sludge from facilities. They all have energy in it, and we have to build techniques and ways to take advantage of those products," he said.

BioEnergy Inc. is a wood-based renewable energy company that manufactures wood pellets from biomass material such as wood chips or recycled wood pallets. The material is milled into fine

PLEASE SEE → **BIOMASS, B2**

Embrace Generation X and Y values, strategist tells local employers

BRUCE BARTLETT
TELEGRAPH-JOURNAL

SAINT JOHN – New Brunswick can weather the coming shortage of skilled trade workers if management learns to meet the expectations of the next generation of workers, says Mark Breslin.

"We are involved in a competition for talent that needs immediate attention because New Brunswick will otherwise have an out-migration, and they won't come back," said Breslin, a strategist from San Francisco hired by Enterprise Saint John for a session with industry and union leaders.

Because New Brunswick is a smaller market and the sense of community is tight, Breslin is optimistic that a real change in

workplace culture is possible.

There are differences between what the current business leaders, who are predominately baby boomers, think employees need and what the new generation of workers are looking for, he said.

"Money is what people work for if you don't give them a better reason."

Members of the post-war baby boom, who are now retiring, identified themselves by the work they did, but the new generation X's and Y's are seeking work-life balance and a greater sense of purpose.

"Boomers acted out of obligation: You do what you are told, do the right thing, work hard, get ahead," he said.

The new generation of workers

is very motivated by lifelong learning, Breslin said. That means they want more coaching, mentoring and career path planning.

Many business leaders see those sorts of things as extras.

"But what I try to do is put it in a business context so they can understand there is some real upside to doing it," Breslin said. "You have to take the long view on talent development"

Around Saint John a number of big projects are winding down, so now is the time to begin the planning for the next upswing, he said.

Canada is just looking at the tip of the iceberg when it comes to a shortage of talent. In order for

PLEASE SEE → **VALUES, B2**



Motivational speaker Mark Breslin speaks during Enterprise Saint John's 'Charting the Future of the Energy and Advanced Manufacturing Sector' at the Delta Brunswick on Monday. PHOTO: CINDY WILSON/TELEGRAPH-JOURNAL

Excellium grew from Azura seed

JENNIFER CAMPBELL
FOR THE TELEGRAPH-JOURNAL

A New Brunswick capital pool company has completed what, for the province, is a first: It has successfully taken over a security company and then re-launched as a publicly traded entity.

Excellium Technologies Inc. will begin trading this morning after the New Brunswick-based capital pool company known as Azura Ventures Ltd. took it over and issued an IPO. Azura has officially dissolved and is now Excellium Inc. It will be traded as of June 19 under the symbol XLM. The capital pool once known as Azura retains 25 per cent of the shares in the new entity.

Excellium Inc. will continue to do what it's always done – provide integrated security solutions – with a goal of expanding its customer base across Canada and beyond. Excellium's technology integrates security systems such as those of Honeywell and other security groups. Using its software product, it brings the information gathered by such systems to one place.

The company does work with prisons and airports, for example. It also does background checks through fingerprints by linking up to the RCMP database. For example, it provided security checks for all those who came into contact with Prince William and Kate when they visited last year.

Azura's role in the deal was to allow Excellium to become a publicly traded company and thereby give it access to new investors and previously raised cash.

"Being a publicly traded company also demonstrates credibility and maturity," said Denis Lanteigne, the New Brunswick wicker who put the capital pool together and now serves as interim CFO for Excellium Inc. "And it will allow them to perhaps source new money for acquisition and growth of the business."

Lanteigne said this is a first for a New Brunswick company to establish a capital pool, take it public and then link it to an operational company with a product or service. Two other companies have done so in New Brunswick but had to create

PLEASE SEE → **EXCELLIUM, B2**

There is also an inadequate understanding of the causes of New Brunswick's poor performance, with the key factor being the high cost of government.

PRODUCTIVITY GAP IS NEW BRUNSWICK'S CHALLENGE



PETER LINDFIELD
BALANCED VIEWPOINT

Fewer than three decades ago, New Brunswick seemed ready to keep pace with the rapidly changing global economy. More recent years have been a disappointment. On the face of it, some regions of New Brunswick appear relatively wealthy, socially progressive and entrepreneurially exciting.

But far from matching its competitors and overtaking them, New Brunswick is finding that the economic cracks in the façade may be widening. A Herculean effort is now needed not merely to realize New Brunswick's full potential but to ensure that an aging population will not overwhelm what the province has already achieved. The consequences of failure would be the relegation of its most vulnerable citizens to financial and social isolation.

Many New Brunswickers believe that merely matching aggregate Canadian growth rates is a sufficiently aggressive goal. Unhelpful discussion persists about New Brunswick receiving its "fair share" from the federal government.

There is also an inadequate understanding of the causes of New Brunswick's poor performance, with the key factor being the high cost of government. Others mistakenly lay the blame at the machinations of the federal government – since Confederation – for endangering their standard of living.

The real problem is the consistently large per capita output gap between New Brunswick and its competitor jurisdictions in Canada and the U.S. That gap is primarily a consequence of New Brunswick's poor productivity performance over the last 30 years. Some industries, primarily forestry, oil and gas and value-added food production have bucked this trend.

But the competitive productivity performance of these industries, dominated by a very small number of firms such as J.D. Irving, Limited; Irving Oil and McCain Foods have served more to skew productivity data than serve as bellwethers of New Brunswick's economy. Once these outlier firms are removed from the equation, the harsh reality is that New Brunswick's

productivity trends are worse than statistics suggest.

Compounding the problem, the real productivity gap fails to take into account the impact of New Brunswick's lower employment levels. They tend to exclude many of the least productive workers operating in seasonal industries such as agriculture, forestry, tourism and the fisheries.

Worse, a substantial portion of New Brunswick's output does not reflect real economic activity. The public-sector outputs of teachers, law enforcement or government workers, for example, cannot be calculated by market outcomes, which measure the difference between the value of goods and services sold and their respective inputs.

Keeping pace with Canadian growth rates will be insufficient to the task of ensuring New Brunswick's long-term prosperity. Instead, the province must seize a labour productivity imperative to formulate a workable strategy to accelerate growth.

Dramatically improved productivity in New Brunswick is a matter of urgency not only to revitalize the economy but also because of the impending demographic transformation that looms ahead.

Without radical intervention, New Brunswick will become poorer as it ages. Productivity growth is critically necessary to ensure that pension incomes do not mean inordinately high taxes for New Brunswickers as a whole.

The scale of the challenge cannot be overestimated. Although New Brunswick badly trails its competitors in output per capita and labour productivity, it can still catch up.

There are many reasons for the gap, but a lack of intense competition lies at the heart of all of them.

Actively mobilizing the weight of export markets within which New Brunswick companies can compete will be a significant step forward.

But New Brunswick must develop new and better strategies before it can move forward confidently. A critical step forward was taken recently when the provincial government announced its intent to focus support on a small number of key strategic industries.

Finally, without devaluing the importance of New Brunswick's distinct social cultures, striving for the means to associate the whole province's business sector with a consistent set of values and experiences should be a key objective.

Peter Lindfield is chairman and CEO of the Carlisle Institute, a New Brunswick-based think-tank. He can be reached at peter.lindfield@carlisleinstitute.org. His column appears Tuesday and Friday.

Capital pool companies a new idea

EXCELLIUM ← B1

their capital pools within the Alberta stock exchange.

"It's only been since 2005 that we can do capital pool companies in New Brunswick and Nova Scotia," Lanteigne said. "We still can't in Prince Edward Island or Newfoundland. I wanted to show that we can do it from New Brunswick, that we can convince people from New Brunswick and Nova Scotia – and 80 per cent of our investors are Atlantic-based – to essentially take a chance on this concept. They have, and hopefully they will be rewarded."

"This is sort of part-missionary, part-pioneer work that I've done," he said.

For its part, Excellium calls the deal a win-win.

"The two of us make it a complete, tradable company with an operation," said Jean-Claude Siew, Excellium's president and CEO.

"For New Brunswick, it shows that a pool can be put together and at the end of the day, reach its objective of rolling in an operational company and making it tradable," Siew added. "It will pave the way for other companies."

Excellium, in its former incarnation, already had a strong New Brunswick connection in that its major shareholder was Bernard Imbeault, the Moncton-based owner of the Pizza Delight Corporation.

Ganong faces foreign competition

GANONG ← B1

The candy business has been challenging for several years and has remained so since the Canadian and U.S. dollars have been trading close to parity, he said. "We see lots of competition from offshore," Ganong said. "On the sugar candy side it is Brazil and to some extent Mexico, and of course there are some very good European manufacturers."

The provincial government is moving in the right direction by reducing the distribution costs for natural gas because the higher prices have put all New Brunswick manufacturers at a disadvantage, he said.

Ganong Bros. recently expanded its factory after receiving a major contract from a food company that they are contractually forbidden from identifying, he

said.

"We put a highly automated system in place, which we have been working with for two weeks," he said.

Many mid-sized manufacturers such as Ganong are looking at co-manufacturing products for other companies, which helps them maintain volume, said Bernard Pacyniak editor of *Candy Industry* magazine.

Overall, the confectionery industry has weathered the "Great Recession" fairly well, candy traditionally being recession-resistant, he said. Growth last year approached five per cent in the U.S.

Some of the biggest trends within the industry are value – as it applies not only to costs but also to improved quality and natural ingredients, he said. Research showing the health benefits of chocolate have also helped the business.

TSX likes the news from Greece

MARKETS REPORT

REUTERS

TORONTO – Toronto's main stock index rose on Monday after a victory for Greece's pro-bailout parties lifted financial shares, but gains were pared by investor worries about rising bond yields in Spain and Italy.

Greek voters gave a majority to parties supporting the country's economic bailout on Sunday, easing worries about Greece being forced out of the euro-zone and boosting risk assets.

Nearly all of Canada's 10 main sectors were higher, led by the financial group, which climbed 0.1 per cent.

Gains were driven by Canada's major lenders, with Royal Bank of Canada RY.TO rising 0.8 per cent to \$51.63, Toronto-Dominion Bank TD.TO up 0.4 per cent to \$79.33, and Bank of Nova Scotia BNS.TO climbing 0.6 per cent to \$52.30.

With uncertainty persisting about Europe, Canadian investors were focusing on safer bets that produced healthy dividends, said Sid Mokhtari, market technician and director of institutional equity research for CIBC World Markets.

"Money is definitely going after what's been very thematically important for both the U.S. and Canada and that's your yield market," said Sid Mokhtari, market technician and director, institutional equity research, CIBC World Markets.

Canada's small, defensive health-care sector also rose 1.8 per cent, led by drug-maker Valeant Pharmaceuticals International Inc VRX.TO, which jumped four per cent to \$47.78. On Friday, Valeant said it will buy privately held drug-maker OraPharma for about \$312 million, to enter the dental market.

At close, the Toronto Stock Exchange's S&P TSX composite index was up 76.23 points to 11,601.13 after initially falling.

However, the Greece-driven relief rally showed signs of fading, as investors worried about the far-larger economies of Spain and Italy. On Monday,

Spanish bond yields hit a new euro-era high above 7.0 per cent, a level considered unsustainable. Italian bond yields also jumped.

"People are more concentrated on what's after Greece, and now they're talking about the Spanish and Italian markets," said Mokhtari. "No one wants to make a directional bet. That's why volume is pretty tame and on the lighter side."

Investors were also looking ahead to this week's Federal Reserve policy meeting – which starts on Tuesday – and the chances of fresh action to stimulate flagging growth.

"Everyone is going to wait to see what the Fed says, if its going to extend Operation Twist in the U.S. or not," said Mokhtari.

In other news, shares of Research in Motion Ltd. slid 1.5 per cent to \$11 after contract electronics manufacturer Celestica Inc. CLS.TO said it will stop making products for the struggling BlackBerry maker, its largest customer, over the next three to six months as the BlackBerry maker shrinks its global supply base.

Dutiful baby boomers wrong about getting it right

VALUES ← B1

New Brunswick to prosper, a cultural shift has to occur now in the way the next generation of workers are treated if the province is going to ride the next wave of growth, he said.

Companies also have to be online if they expect to attract the next generation of workers.

"If you don't have a YouTube presence in promoting what you are doing, then you are pretty much irrelevant in today's world," he said.

Job fairs and placement offices are not on the radar of generation X and Y when they are looking for jobs – they are online, Breslin said. Anyone looking for work in Alberta goes online first.

There is a huge bell-shaped curve of people from the baby boom reaching retirement, and when that curve empties

out, the competition for workers will really begin, he said.

Not doing something now to address the shortage will have severe consequences.

"The insistence of the baby boomers that they got it right is a blind spot that the Xers and the Y's are still paying for," he said. "Enormous changes need to occur in the workplace to have happy, fulfilled and motivated people because the boomers in my opinion got it wrong."

Working hard to get ahead is not a formula for life success. It gives economic validation, but the younger generation wants more than that, he said.

"The defining characteristic of where people work in the future is where they see people who say, 'I value you, I care about you, I want to help you develop,'" he said.

Gina O'Rourke-McKay, the workforce co-ordinator for Enterprise Saint John,

said 20 per cent of the jobs in the region are in the energy and advanced manufacturing sector.

"And they are some of the highest-paying jobs in the province," she said.

Now is the time to start bringing young people into the trades so employers will see it as a place to look for skilled workers, she said.

A recent survey carried out by Enterprise Saint John found less than five per cent of employers in the energy and advanced manufacturing sectors have apprentices.

This shows there is a significant risk employers won't be able to replace and replenish the current workforce in the region, she said.

telegraphjournal.com
Watch the video



Suzanne Smith of the Aditya Birla Group speaks at the bio-refinery conference in Shediac. PHOTO: JAMIE ROACH/FOR THE TELEGRAPH-JOURNAL

The drawback of biomass is transportation costs

BIOMASS ← B1

sawdust before being fed into a pelletizing machine, where it is compressed under immense pressure. Wood pellets can be used as fuel to heat a home or run a business.

According to Fiolek, wood pellets have the potential to cut the average cost to heat a home by about 75 per cent for the average 950-litre oil tank.

He explained it would cost a homeowner about \$250, or the price of one tonne of pellets, to heat their home for the same amount of time as conventional oil.

Currently the maximum cost for heating oil in New Brunswick is 107.2 cents per litre, according to the New Brunswick Energy & Utilities Board.

Pellets are also an attractive alternative energy source because wood fuel is "carbon neutral," said Fiolek, explaining a tree will absorb as much carbon during its lifetime as it gives off when it is burnt, meaning there is no net gain in CO2 emissions.

"When we use biofibre, we are not contributing to our next generation's greenhouse gas emissions," he said.

One of the drawbacks with biomass, however, is that it is expensive to

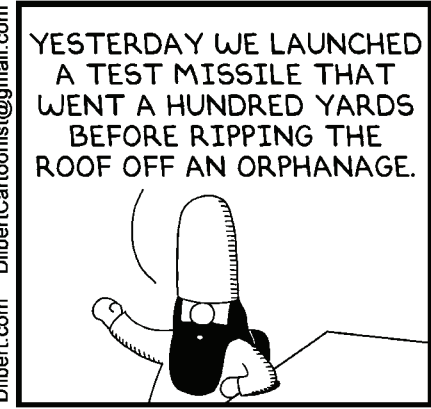
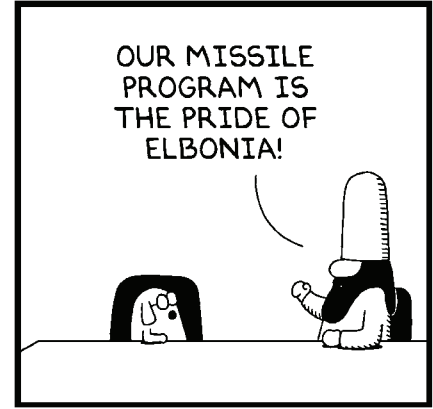
transport because of the high level of moisture that is trapped inside the organic materials.

To solve that problem, BioEnergy developed a mobile wood pellet and bio-fibre plant, also known as a mobile bio-fibre densification system.

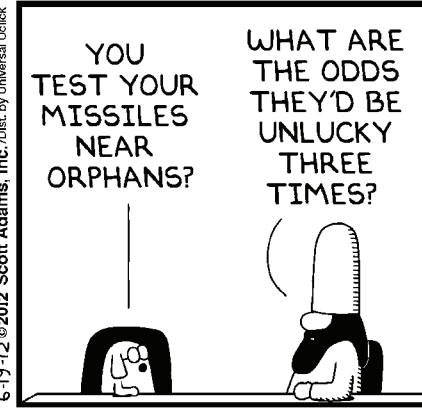
This system is capable of being transported to a biomass-source site and used to chip and pelletize on site prior to transporting the pellets to a centralized processing facility.

The two-day conference also includes guest speakers from the agriculture and bioenergy industry as well as the aquaculture industry.

Dilbert



by Scott Adams



Dilbert.com DilbertCartoonists@gmail.com

© 1992-2012 Scott Adams, Inc. (Dist. by Universal Uclick)