

# 2011

## Growing the North



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## Executive Summary

Growing the North 2011 was an opportunity to bring government and industry experts together to achieve the common goal of creating and maintaining a prosperous North. Expert speakers agreed with the need to diversify and adapt government and industry practices so the North can adjust favourably to the changing business environment.

Following a pre-conference talk by Spitz founder Tom Droog on Wednesday, the conference was kicked off Thursday with speeches made by forestry specialists. Later in the day, David Chilton presented information from his bestselling book, *The Wealthy Barber*, which offered personal investment advice on how to cope with the new economic situation. Then, the focus moved to agriculture and issues underlying the transportation of goods in the north. The first day was closed with a dinner banquet and an address from Alberta's Premier, the Honourable Ed Stelmach, who talked about the importance of global markets to Alberta's economy and increasing trade with Asia.

Day two began with business advice from consulting firm owner Nigel Chymko who looked at energy aggregation. This was followed by John Gorman and Laurence Smith, two somewhat differing points of view on the future of Canada's energy industry. Afterwards, Honourable Rob Merrifield, Minister of State for Transport, and Gordon Van Tighem, the Mayor of Yellowknife, each took the stage. Diamond company owner, Stephen Ben-Oliel spoke about his company's industry and initiatives including value added opportunities, and the conference was closed with a motivational speech by "Canada's most trusted contractor," Mike Holmes from HGTV's *Holmes on Homes*™ who urged delegates to make things right.

Reoccurring themes from all of the speakers included sustainability, research, innovation, alternative energy sources, and making the move to global markets.



# Growing the North 2011 Presentations

Wednesday, January 19, 2011 (Pre-conference)



## **Tom Droog, founder of Spitz Seeds**

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*Droog founded Spitz Seeds with his wife Emily in 1982. Today, Spitz Seeds is sold in approximately 60,000 stores in Canada, and approximately 30,000 stores in the United States.*

Droog spoke pre-conference on Spitz Seeds: a farm business success. He explained how he and his wife began marketing their product as birdseed but saw an opportunity to expand into the larger snack market.

In an inspiring business story, Droog described his accounts from early farm production to successfully negotiating tough deals with Pepsi and Wal-Mart. Spitz Seeds is currently the leading sunflower and pumpkin seed company in Canada with annual sales in excess of \$30 million.

Thursday, January 20, 2011



## **James Shepard, CANFOR President and CEO**

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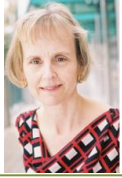
*Shepard's forestry experience stems from his 32-years at Finning International Inc. where he served as Chief Executive Officer from 1991-2000. Shepard has served as Chairman and Vice-Chairman for several business boards.*

As head of CANFOR, a leading integrated forest products company, Shepard provided insight on the company to his listeners on Thursday morning.

Shepard focused on export opportunities for Canada's wood industry. He discussed what he called "Old World" and "New World" forestry. Shepard described "Old World" forestry as a time when the forestry industry was dependant on the United States market, particularly the housing market.

"New World" forestry, noted Shepard, is an industry linked to foreign markets such as China, Japan, Korea, and South East Asia. This increase in demand for Canadian lumber equates to a more sustainable lumber industry and a stronger northern Canada. Shepard suggested that Northern Alberta embrace "New World" forestry and seek global market opportunities.





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**Anne Giardini, Q.C., President of the Canadian Subsidiary of Weyerhaeuser**

*Giardini is a lawyer called to the bars of both Ontario and British Columbia. Giardini served as in-house counsel, and later general counsel, for Weyerhaeuser Company Limited since 1994. She has been the company's Canadian President since 2008.*

The focus of Giardini's presentation was diversification opportunities for Canada's wood industries. Giardini illustrated the need for a "prosperous, dynamic, and inclusive" northern economy.

Giardini began by discussing Weyerhaeuser's pulp and saw-mill in Grande Prairie and noted the mill employed one-third of all the company's workers.

To help look toward the future, Giardini pointed to the findings of the "Future Bio-Pathways Project," a research initiative by the Forest Products Association of Canada. The project evaluated the viability of wood fibre bio-products and found that nations and businesses that successfully innovate enjoy growth rates exceeding the traditional forestry industry peaks.

Giardini suggested that the industry promote the opportunities and lifestyle available in Northern Alberta to those with a future in the wood product industry.



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**Richard (Rick) Huff, President and CEO of Ainsworth Engineered**

*Huff has been the President and CEO of Ainsworth Engineered since 200, and serves on the Board of Directors. Prior to his present roll, Huff was the CEO of the Sinclair Group and the Vice President of OSB and Energy at Tolko Industries Ltd.*

Huff spoke on behalf of Ainsworth Engineered, manufacturer of technologically-advanced wood products. For Ainsworth, Huff explained, the housing market drop was the worst recent downturn in the wood product industry. For this reason, Huff stated, Ainsworth has remained successful by adapting their "Value-Added Products Strategy" and increasing sales to Asia.

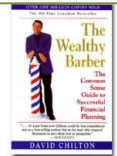
Ainsworth now invests a great deal of energy into product research and development. Working closely with the Alberta Research Council, the company has plans for two major developments in the north: A High Level restart mill project and the complete construction of a mill in Grande Prairie.

Huff concluded by stressing the importance of diversifying products and markets while not losing sight of Canada's close tie to the United States.



**David Chilton, Author**

*Chilton is the author of Canada’s all-time bestselling book **The Wealthy Barber**, a guide to personal investing. Chilton has also published the bestselling low-fat cookbooks, **Looneyspoons** and **Crazy Plates**.*



Chilton’s insightful speech on personal investing challenged his audience to evaluate the recent economic crisis. He maintained that sustainable business practices are hinged on the mutual respect of those involved in any given business sector. The latest real estate market, Chilton asserted, served as a sobering example of these relationships.

According to Chilton, investors in the real estate market failed to show a respect for those who depended on the market’s revenue. Instead, non-recourse mortgages encouraged high-risk purchases that resulted in either large payoffs or complete losses with little-to-no personal responsibility.

Indicating that there is too much debt in the world, Chilton concluded with the idea of “affordable debt,” which is debt that can be paid without dipping into a planned savings account. Optimistically, Chilton asserted that Northern Alberta’s future will be bright and reminded the audience: “Cheer up. We are the lucky ones.”



**Dr. J.P. Gervais, Senior Agriculture Economist, Farm Credit Corporation**

*Gervais joined the Farm Credit Corporation in the summer of 2010 as the senior agricultural economist. He has over 15 years of agricultural experience in analyzing domestic and international policies and markets.*

Gervais spoke about Canada’s outlook for agriculture within a global perspective. He outlined and discussed four main agricultural drivers: the economy, trade liberalization, changing food preferences, and energy. He emphasized the nature of these drivers are changing. Gervais explained that Canada could have a strong and competitive future in the agriculture industry if the following strategies are adapted:

- increase grain production to meet the growing demand;
- secure trade agreements with Asia and Europe to allow for more global trade;
- pay attention to prevailing food-quality preferences to meet the expectations of the up-and-coming generations; and
- re-evaluate the possibility of bio-fuels as efficient energy sources to combat the reliance on depleting energy reserves.

With these four strategies in place, Gervais says Northern Alberta’s agricultural industry is destined to prosper.



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**Mike Cory, CN Rail Senior Vice-President, Western Region**

*Mike Cory was appointed the Senior Vice President of CN Rail's Western Region in April 2009.*

Cory spoke on rail transportation for the Northwest Corridor. Cory began by highlighting CN's commitment to its customers, employees, and stakeholders. Operational excellence remains the foundation of the company, he said. He expressed CN's commitment to fulfilling the important role of an agricultural, energy, and forestry transportation service provider.

Cory illustrated CN is currently faster than its competitors, he announced CN's multiple initiatives designed to increase productivity. These include distributed power, a method of increasing a train's speed as well as fuel efficiency, and a focus on the first and last mile, which is designed to increase proficiency and reliability in Northern Alberta and British Columbia. Cory also discussed CN's new infrastructure project in Prince Rupert, which is scheduled to include daily rail service by February, 2011. In addition, Cory outlined CN's plans to continue broadening its extensive network, strengthen its supply chain efficiency, and enhance partnerships. These improvements, Cory stated, will allow Canadian products to be shipped internationally more quickly.



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**Don Krusel, President and CEO, Prince Rupert Port Authority**

*Krusel has held his position as President and CEO of Prince Rupert Port Authority since 1992. Krusel began his career with the Port Authority as the Manager of Finance and Administration in 1987.*

Krusel spoke on growth and expansion of the Port of Prince Rupert, a National Harbour since 1972. Prince Rupert is the deepest natural harbour in North America. The port is equipped with terminals for coal, grain, cruise ships, and an expanding intermodal container terminal. In recent years, the Prince Rupert Port Authority has focused on becoming a major gateway between Asian and North American markets by developing and expanding its onsite Fairview Container Terminal. According to Krusel, since the Fairview Container Terminal opened in 2007 and thanks to increased coal traffic, the port's growth has increased steadily, handling 16.4 million tonnes of cargo in 2010 and experiencing growth of 273% over 5 years.

Krusel informed the audience of his recent trade mission to Asia and concluded that Prince Rupert is well suited for extensive trans-Pacific trade. He explained that Prince Rupert is the closest North American port to Asia and is linked to the North American Continent by a strong rail network.



In addition, Krusel explained, the shipping and receiving from Asia to North America via the Port of Prince Rupert involves a very low carbon footprint, and an independent navigational risk study gave the port the lowest risk probability. This is aided, he said, by the Port of Prince Rupert's geographical location as it is wide and deep, and therefore, more safe.

Krusel concluded by saying the Prince Rupert Port Authority is continuing to work toward the future by helping connect Canada to the world.



### **Honourable Ed Stelmach, Premier of Alberta**

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*Premier Ed Stelmach was elected the leader of the Alberta Progressive Conservative Party in 2006. The Honourable Ed. Stelmach won a majority government in Alberta's 2008 general election and is Alberta's 13<sup>th</sup> Premier.*

Premier Stelmach spoke on Alberta's outlook for 2011. He outlined the following four goals that the provincial government is working on to ensure a prosperous future:

- being financially positioned as the best in Canada to face the ongoing economic recovery;
- becoming a leader in North American infrastructure;
- standing alone as the most innovative and competitive economy in Canada; and
- attaining the best health care system in Canada.

The Premier emphasized the importance of a high employment rate and recognized various business sectors for their commitment to this greater social responsibility. He discussed a recent \$30 million investment, which will be made over the next two years. The funding will aim to preserve the forestry workforce and enhance sustainability and productivity in the industry. He also announced Sustainable Resource Development Minister Mel Knight will co-chair a panel of senior forest industry executives to help identify research options for wood fibre technology and opportunities for market expansion.

The Premier also discussed a vision to connect communities in the north with those in the south. He said this may be aided by a future initiative for a 218 kilometre east-to-west road from Fort McMurray to Peace River, which would significantly change accessibility within the north.

The Premier closed his speech by outlining initiatives to improve access to facilities in northern Alberta, including a health complex in High Prairie, a new hospital in Grande Prairie, and continued renovations on Grande Prairie's existing Queen Elizabeth II hospital.

Friday, January 21, 2011



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**Nigel Chymko, President, Chymko Consulting**

*Nigel Chymko has over 35 years of experience in the energy utilities field. Chymko also works with the Alberta government's on restructuring the electricity industry.*

To provide insight into contemporary competitive business practices, Chymko discussed the services of his consulting firm, elements of utility bills, company consumption rates, and energy prices. These factors helped Chymko illustrate corporate needs for aggregation and distribution.

Chymko expressed the importance of research, categorizing, and planning for the future of a business. He encouraged business owners, and others interested, to consider and evaluate the costs of doing business and to determine whether these costs are regulated or competitive.

Such an evaluation process, according to Chymko, would help Northern Alberta businesses develop appropriate strategies of conduct and realize the need for specific company aggregation and distribution modifications.



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**John Gorman, Vice President, Halliburton Group Canada**

*John Gorman joined Halliburton in 1991 and was promoted to Director of Business Development. Gorman also currently serves as a Director and Member of the Board of the Petroleum Services Association of Canada*

Gorman spoke about the energy outlook for Canada in 2011. He strongly emphasized the importance of oil and gas as a world energy source and a major driver of both the Alberta and the Canadian economy. Though Gorman sees a promising future, he did point to several potentially unfavourable indicators that Canada may be losing its ability to compete with international markets.

Gorman suggested that Canadians and Albertans alike should address the following:

- the skilled labour shortage in the north;
- the limited number of buyers in the United States;
- the lack of intellectual property protection;
- environmental concerns; and
- lack of global marketing.

To address some of the environmental concerns, Gorman suggested Alberta take on sustainable technology trends such as geothermal extraction. He explained that Fort McMurray has one of the largest and hottest geothermal sites in the province which would allow for future geothermal projects.



**Laurence C. Smith, Professor of Earth and Space Sciences and Vice Chair of Geography at University of California, Los Angeles, Author of *The World In 2050***

*Smith has published over sixty research papers in the field of geology. Smith discussed his research, and his book, *The World in 2050: the Four Forces Shaping Civilization's Northern Future*.*



According to Smith, the four forces shaping civilization's northern future are the population growth and migration of humans, natural resources control, globalization, and climate change. A fifth force, Smith stated, is technology which is a common thread throughout his research.

Smith's research suggests that Northern Alberta will experience a great deal of change by 2050. He put forward that Alberta's north will become more open, more accessible, and more populated due to the forces outlined and drastically increased product consumption locally and abroad. Smith also stressed that in the near future water will become more of an important commodity.

He concluded that there is a strong probability that the emerging global model will feature increased international trade, and northern economies will be well poised to take advantage of this.



**Gordon Van Tighem, Mayor of Yellowknife, NWT**

*Van Tighem was first elected as Mayor of Yellowknife in 2000; he was twice acclaimed and re-elected in 2009. Prior to his position as Mayor, Van Tighem served as the Chairman of the Northwest Territories Community Mobilization Partnership Volunteer Board and then as the board's executive director.*

At the conference, Van Tighem discussed the future of the Northwest Territories (NWT). Currently, he explained, only 25 per cent of the NWT land base has been thoroughly mapped and surveyed. He emphasised the importance of ice roads as a convenient gateway to mineral extraction sites because it is an environmentally sustainable practice.

Van Tighem discussed the NWT's valuable location. He explained that polar exporting routes can help the NWT access Europe and Asia more efficiently than Vancouver or Toronto does.

One of the NWT's most important primary industries is mining. The NWT has oil, gas, diamonds, gold, uranium, lead, zinc, and rare earths. Ongoing exploration for rare earth minerals gives the NWT the potential to enter new markets and produce new products like magnets and batteries, said Van Tighem.

Due to initiatives such as increased investments in the Fort McMurray pipeline, Van Tighem explained, by 2020 an estimated 2,000 new jobs will be created, job training will increase substantially, and the NWT's GDP will grow to \$9.6 billion. Van Tighem concluded that the NWT has a very positive long-term outlook, especially if the territory continues to invest in technology and infrastructure.



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### **Honourable Rob Merrifield, Minister of State for Transport**

*First elected into the House of Commons in 2000, Merrifield was re-elected in 2004, 2006 and 2008. In 2008, The Honourable Rob Merrifield was appointed as the Minister of State for Transport. Merrifield has also served as chair of the Health Committee.*

Minister of State Merrifield spoke about transportation in the northern Canadian gateway. He began by describing Canada's strong position during the economic downturn and its favourable potential for the future.

Merrifield pointed to current federal government initiatives and studies being undertaken which are designed to create corporate tax cuts and increase Canada's competitive advantage in terms of international trade. These initiatives include the Economic Action Plan (EAP), the Asia-Pacific Gateway and Corridor Initiative (APGCI), and the Rail Freight Service Review.

The EAP has helped Canada to create more than 460,000 new jobs, roughly 23,000 projects, \$16 billion worth of new or modernized infrastructure as well as investments for the forestry, agricultural, and energy industries, he said.

Merrifield discussed the overseas initiative for transportation, the APGCI. He explained the APGCI is utilizing rail, road, water, and air to give Canada the competitive advantage to export more efficiently.

Lastly, Hon. Merrifield focused attention on the Rail Freight Service Review, a study conducted by an independent panel. The review, which will help to improve efficiency, was designed to evaluate Canada's rail supply chain and focused on the service shippers and customers receive, he said.

Northern Alberta has a strong past, successful present, and future potential, the Minister of State concluded.



**Stephen Ben-Oliel, Founder, President, and CEO of Canadian Noble House Diamonds Ltd.**

*Ben-Oliel has over 30 years experience in the diamond industry. He is Canada's first diamond site holder and the creator of the world-famous Polar Bear Diamonds.*

Ben-Oliel spoke about the opportunity for a value-added diamond industry in Canada. His presentation explored many facets of the diamond industry including its history, the process of certification, the 4 Cs (cut, colour, clarity, and light performance), customers, the importance of branding, pricing, and the process from mine to consumer.

Ben-Oliel spoke about Noble House Diamonds specifically and described how they are dedicated to sustainability and fair trade methods of mining diamonds and gold. Noble House is a Canadian owned and operated business which holds the distinction of being Canada's first diamond business that is federally insured by Export Development Canada (EDC) for overseas sales.

The opportunity is there, stated Ben-Oliel, for this industry to thrive and grow domestically. He expressed the advantages of doing business in Canada's north, which included territorial advantages, marketing and branding exclusivity, and a world-class inventory of premium certified diamonds. Ben-Oliel stressed, however, that branding and vertical integration are essential when conducting business in the north.



**Mike Holmes, Host and Creator of Holmes on Homes™**

*Holmes' program has held the number one spot on HGTV Canada since 2004. Holmes has authored two books, Make it Right—Inside your Home Renovation with Canada's Most Trusted Contractor and Holmes Inspection—Everything you Need to Know Before you Buy or Sell your Home.*

Holmes closed the *Growing the North Conference 2011* with a motivational speech. He spoke on the importance of building sustainable communities. These are, he said, not just houses but homes—walkable communities that encourage interaction within the communities and with neighbouring communities.

Holmes asserted that Albertans are the greenest people in Canada. Currently, Holmes is developing an eco-friendly Holmes Community in southwest Alberta called Wind Walk. The houses in this Holmes Community will be non-burning, non-moulding, and will incorporate geothermal and solar technologies.

Holmes' development will serve as an example of this type of interactive, sustainable community. This model will hopefully encourage other communities to do the same.



## Closing

*Growing the North 2011* reminds us that as Northerners, we need to work together to create a voice that is unified and strategic.

Increased capital expansion, diversification, and research in forestry and agriculture will help our northern economy be sustainable and prosperous.

In order to strengthen Alberta's ability to compete internationally, we need to enhance producer-to-port networks and get our products into the international marketplace in a timely fashion.

Some businesses and organizations are taking the important initiative to implement more sustainable and water-neutral technologies.

Conferences like *Growing the North 2011* help us to communicate, build consensus, and cooperate on key issues. This helps us to move forward and allows for more integrated planning and organization.

The next conference will be held in Fort McMurray, January 25-27, 2012, and will be hosted by the NADC, the Municipal District of Wood Buffalo, and other organizations in the region.

# Conference Evaluations

1. Please identify which type of organization you best represent?
  - Industry/Business 38%
  - Municipality/Community 29%
  - Government 19%
  - Other 6%
  - Service 4%
  - Education 4%
  
2. Please rate your overall satisfaction with the 2011 Growing the North Conference?
  - 8.0 out of 10
  
3. Overall, how satisfied were you with the variety of speakers?
  - 8.2 out of 10
  
4. Please indicate your main objectives in attending this conference and rate how well we were able to meet these objectives?
  - Networking 7.9 out of 10
  - Information 8.1 out of 10
  - Keynote Speakers 8.1 out of 10
  
5. Which topic(s) was your favourite?
  - 40% Forestry
  - 26% Energy Outlook
  - 26% Investment
  - 21% Northwest Corridor
  - 17% Northern Future
  - 11% Transportation
  - 7% Alberta's Outlook
  - 7% Small Business
  - 6% Motivation
  - 2% Agriculture
  - 2% World Issues
  - 2% Diamonds
  
6. Are you considering attending the January 25, 25, and 27th 2012 Conference in Ft. McMurray?
  - 56% of respondents are planning on attending the conference.