

SPORT CHEK, SPORT MART

Forzani Group fined \$1.7M
for misleading sales pricesBy CRAIG WONG
Canadian Press

TORONTO (CP) — Sporting goods retailer Forzani Group has agreed to pay \$1.7 million after an investigation by the federal Competition Bureau suggested consumers were misled about sale prices at the company's Sport Chek and Sport Mart stores.

"They were being duped into believing they were getting a bargain when the goods were so-called 'on sale,' but they actually weren't on sale," Andrea Rosen, assistant deputy commissioner of competition, said Tuesday.

"These ads were luring consumers away from other retailers who were competing against Forzani and were using legitimate marketing techniques."

In the case of Sport Mart, Rosen said, the company compared its prices with others in the market and suggested Sport Mart's prices were lower, but that wasn't the case.

"In the case of Sport Chek, they were suggesting their prices had been discounted by a certain percentage when compared to their own regular prices, and that wasn't the case," Rosen said.

However, Forzani disagreed with the Competition Bureau's characterization of the settlement, saying it settled the case on the advice of lawyers to avoid the expense of protracted litigation.

"The consent agreement makes clear that FGL admits no wrongdoing and it most certainly does not admit misleading consumers," the company said in a statement.

"FGL takes exception to the Competition Bureau's mischaracterization of the nature of the settlement that has been reached and FGL will take such steps as it deems necessary to protect its reputation and the goodwill it has worked so hard over the years to develop with consumers."

Under the consent agreement registered with the federal Competition Tribunal on Tuesday, Forzani will pay a penalty of \$1.2 million and \$500,000 for costs of the investigation.

The Calgary-based company must publish corrective notices in newspapers across Canada, in Sport Chek and Sport Mart flyers, on its corporate Web sites and in its stores across Canada — and must stop making reference to inflated regular prices in its advertisements.

Calgary-based Forzani is also required to establish a program to ensure conformity with the deceptive marketing practices provisions of the Competition Act.

Forzani operates 217 corporate stores under the banners of Sport Chek, Sport Mart and Coast Mountain Sports, and 174 franchise stores under the banners of Sports Experts, Intersport, RnR, Atmosphere, Econosports and Tech Shop.

Last month, the company reported a first-quarter profit of \$1.6 million or five cents per share, compared with a profit of \$1.2 million or four cents per share a year earlier. Retail sales in the quarter ended May 2 grew by 2.8 per cent to \$227.7 million.

Shares in the company (TSX:FGL) were down 41 cents at \$13.39 in trading Tuesday on the Toronto stock market.

OPINION

Growing
season now
liability
season

Growing season has also become liability season.

There's an ever-wider range of crops and crop protection products. That means a lot more things can go wrong.

There has also been a major increase in custom work. Chemical application is often a job that a farmer hires someone else to do.

Custom seeding is also becoming more common.

If you make a mistake that harms your own farming operation, there's little recourse.

If someone you've hired makes a mistake, they may be liable.

Herbicide drift is a common problem. Often it's a case of spraying when it's just a bit too windy.

We have a wide array of crops seeded adjacent to each other. The glyphosate herbicide used on a Roundup Ready canola crop can be murder on a neighbouring canary-seed or flax field. The broad leaf herbicide used for weed control in wheat can clobber a nearby lentil crop.

Low-drift nozzles have helped reduce oversprays, but there are still many cases every year. Often, the damaged area is relatively small. Neighbours usually tend to forgive a few acres.

Other times damage may be substantial. Depending on the circumstances, the loss can be in the tens of thousands of dollars.

Farmers carry liability insurance for this kind of problem. So do custom applicators.

A custom applicator may put 20,000 or 30,000 acres on a big high clearance sprayer in a growing season. Many go years without having an insurance claim.

When a claim does come, it can hurt, since most of the insurance policies for custom applicators have a \$5,000 deductible.

Custom applicators also have to guard against operator error — spraying the wrong field or the wrong product or having plugged nozzles.

Another concern is herbicide residue remaining in the machine. Some herbicides can hurt sensitive crops at very low concentrations. There are cases where the product used two or three tanks previous has decimated a healthy and vigorous crop.

For some products, the recommendations call for thorough flushing with ammonia and water and for cleaning of all the screens and filters on the machine. Otherwise the residue may come back and haunt you. Entire fields have been lost from this problem.

There were instances this spring of glyphosate herbicide being sprayed by planes. Fields were too wet to support ground equipment and the weeds were getting out of hand. Spraying glyphosate by air seemed like a good solution.

But glyphosate is not registered for aerial application and for good reason. It can drift and cause extensive crop damage. In this sort of a case, insurance may not stand behind the applicator, since it was an unregistered, illegal use of the product.

Seed germination can be another liability issue. Even though a seed sample does well in a germination test, the germination may have dropped dramatically by the time the seed goes in the ground.

Seeds can also be affected by mechanical damage during the cleaning process.

Every year, there are situations where crops are poor due to quality problems with the seed. Some of these lead to large lawsuits.

There have also been cases of inoculate failure. Live rhizobium bacteria are used in various formulations when seeding pulse crops. The bacteria work in combination with the plant roots to produce nitrogen for the crop.

Without inoculation, pulse crops typically yield far less than they should. Trouble is, the inoculates are made up of living organisms, which can be killed by temperature extremes.

Custom seeders can find themselves in trouble for seeding a crop too deep or at the wrong rate. If too much airspeed is used in the seed distribution system, damage to the seed can result in poor germination.

Insurance companies and lawyers are playing a bigger role in crop production than ever before.

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FARMING

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EOY AWARDS

Two Regina
businesses in
the running

By Leader-Post staff

Two Regina businessmen are among the 37 Prairie region finalists for the Ernst & Young Entrepreneur of the Year (EOY) 2004 awards, the national accounting firm announced Tuesday.

Murad Al-Katib of Saskcan Pulse Trading Inc., a processor and exporter of pulse crops, was one of three finalists in the emerging entrepreneur category.

Sean Frisky of Ground Effects Environmental Services Inc., which designs and manufacture environmental treatment systems, was one of three finalists in the manufacturing category.

Both companies have been finalists for business awards in the past. Saskcan Pulse won the Saskatchewan Chamber of Commerce ABEX award for best new venture in 2003. Ground Effects was also a finalist in the 2003 ABEX awards in the physical environment category.

Ground Effects was one of three winners of regional innovation awards for sustainable development, sponsored by the Canadian Manufacturers and Exporters and the National Research Council, in 2002.

Al-Katib, born in Davidson of Turkish parents, said he was honoured just to have been nominated for an EOY award. "We're very satisfied to be short-listed as a finalists," he added.

The two-year-old company, which employs about 40 people in the Regina area, processes pulse crops, like lentils, field peas and chickpeas, as well as canaryseed and mustard, for the export market.

He said Saskcan and the other finalists serve as examples of what businesses can achieve in Saskatchewan. "The entrepreneurial spirit is what's going to grow this province. There are some good stories to be told in Saskatchewan."

Frisky, who incorporated Ground Effects while an engineering student at the University of Regina, said being a finalist for an EOY award was "excellent recognition" for his company.

Ground Effects has developed a new method of remediation for contaminated sites, such as gas stations and oilfield production and storage facilities. The traditional method usually involves closure and excavation of the site. Ground Effects uses vertical or horizontal wells to draw the contamination from the site, without significantly disturbing the surface area, allowing business operations to continue.

Another Saskatchewan businessman, John Cross of Philom Bios of Saskatoon, which manufactures natural microbial products, was selected as a finalist in the health sciences category.

Walter Mah of North Ridge Development Corp. of Saskatoon, which builds residential homes and condominiums, is a finalist in the real estate/construction category.

In October, one finalist in each category will be chosen as regional EOY award winners at a gala event in Calgary. The Prairie region award winners will then join the Pacific, Ontario, Quebec and Atlantic region winners at the national EOY awards ceremony in Ottawa in November.

In June 2005, Canada's Entrepreneur of the Year will join EOY award recipients from more than 30 countries to compete for the title of World Entrepreneur of the Year.

WEATHER WOES



ROY ANTAL/Leader-Post

Dean Holioen, from Moose Jaw, and his 6-year-old son Joey had some fun on the go-carts at Maxwell's amusements in east Regina on Tuesday.

Rain chasing business away

By VERONICA RHODES
Leader-Post

Seasonal businesses are taking a beating as below-normal temperatures and rain keep customers away.

"With it raining, no one's playing," said Rob Johnston, guest services manager at Deer Valley Golf Course.

"It goes not only to just your golf revenue but also hurts your shop revenue. We're not selling as many products because we're not having people come through here. Then it starts to affect your staff."

The course is always packed on days without rain, but Johnston said it is only one-third full on days when it's wet. Staff hours are being cut back and lost revenues can't be recouped because of limited time in the day and in the season.

"You don't really get that back because you can't create 3 or 4,000 tee times or spots for people to play in. What you've lost is what you've lost and you just hope the rest of the year will be sunny and you'll be full," said Johnston.

Regina's outdoor pools have been opening later and closing earlier because cool temperatures are keeping swimmers away.

Dave Stecyk, supervisor for the Sportsplex and outdoor pools, said for the past three years, each of the five outdoor pools has averaged 310 people a day. This season, the pool's have averaged 210 people per day, numbers that were bolstered by a few hot, sunny days last week.

"The two warm days we had last week were a couple of banner days so there is a bit of make-up. When the weather does turn nice, we see big

turnouts," said Stecyk.

Janine Sali, manager of Maxwell's Amusements Waterpark, said the park often won't open if the temperature won't reach 20 C.

"It's been really rough," said Sali.

Other seasonal businesses have also been hurting from a lack of hot temperatures. Doug MacKenzie, owner of MacKenzie Plumbing and Heating Ltd., said sales of air conditioners have been "almost non-existent". During a summer heat wave, the business can sell around 200 units, but this season only about 20 have been sold.

"Maybe 90 per cent of the people buying air conditioners is based on a demand situation. The phones get busy and they just want them. But without the weather there, there is no reason to do so," said MacKenzie.

There has also been fewer service calls since air conditioning units have barely needed to run. MacKenzie said the lost sales can't be made up, even if the rest of the summer is hot.

"I think you've missed the boat. You'll catch some but you'll never recoup all. If you don't get them early in the year, you've lost it," said MacKenzie.

Tyson Moore, retail manager for Paradise LeisureScapes, said sales for the season didn't look promising in May but they are back up to the expected level. The business, which sells and constructs swimming pools, usually averages nine or 10 pools a summer.

Moore said they have sold eight already this season and are hoping to put in a few more pools by the end of summer. Sales have also been good for barbecues, outdoor furniture and hot tubs.

"Hot tubs have picked up. I guess people think it's colder so they need a hot tub," said Moore.

REAL ESTATE MARKET

First-time buyers driving best-ever sales activity

By Leader-Post staff
and The Canadian Press

Housing prices continued to climb in Regina in the second quarter, driven by a shortage of listings, low interest rates and a healthy local economy, according to Royal LePage Real Estate Services quarterly report.

In south Regina, the price of a typical bungalow increased by 5.4 per cent to \$137,000, while the same house in north Regina increased by one per cent to \$126,300, compared with second quarter of 2003.

Mike Duggleby, manager of Royal LePage Regina Realty, said the shortage of listings, particularly in first-time buy-

er homes, is the main reason prices are rising as quickly as they are. "For the Regina market, we usually see prices increase one, two, three per cent a year. Lack of supply is driving prices up."

In fact, the shortage of listings in starter homes in Regina is driving homebuyers to look at condominiums or lower priced, "fixer-upper" homes, he said.

Standard condos, which Royal LePage defines as a 900-square-foot (84-square-metre) two-bedroom apartment, increased in price by six per cent to \$73,250 in north Regina and by 7.8 per cent to \$97,000 in south Regina — the highest year-over-year increase of any housing type.

Duggleby said he expects to price increases to slow in the third quarter as new listings come onto the market. "We're going to build a lot of inventory (in the third quarter). Listings are coming in faster, but sales are still brisk," he said.

Nationally, Vancouver posted the biggest price increases in the second quarter, as the Canadian real estate gathered momentum and the average price of a detached bungalow rose 6.8 per cent to \$249,200, the report said.

The average price of a standard two-storey home increased 8.5 per cent to \$311,509 and a standard condominium appreciated 6.5 per cent to \$176,013.

Vancouver experienced the highest

price hikes, followed by St. John's, Nfld., and Montreal. Large price increases were also seen in Victoria, Winnipeg and Saint John, N.B.

"Demand has remained steadfast and strong in the past several years, with vigorous activity only limited by a shortage of supply," Royal LePage CEO Phil Soper said in a release.

"While spikes in activity are typical of the spring real estate market, a record wave of new listings materialized across the country during the second quarter, which allowed for the expression of pent-up demand."

Best-ever sales activity occurred in many of the major markets, including Toronto, Edmonton and Regina.