

34.23 S&P/TSX COMP.
Closed at 8352.19

17.71 TSX VENTURE
Closed at 1804.57

133.55 DOW JONES
Closed at 10458.89

13.33 NASDAQ
Closed at 2086.92

MORNING BRIEFING

Foreigners boosted tourism in Canada in third quarter

OTTAWA. Foreign visitors were mostly responsible for a 1.5 per cent increase in tourist spending in Canada in the third quarter of last year, says Statistics Canada. The rebound came after SARS knocked spending down a sharp 4.2 per cent in the second quarter, the agency said Friday.

"Spending by international visitors to Canada jumped 4.4 per cent in the third quarter, after plummeting 13 per cent in the second," the agency reported. International visits increased by 2.4 per cent as SARS fears dissipated.

And Canada's international travel deficit rose to \$1.167 billion compared with \$999 million in the second quarter as Canadian spending abroad eclipsed non-resident spending in Canada.

Forest fires in British Columbia and the a power outage in Ontario also restrained domestic spending.

The agency also found:

- The weakness of Canadian tourism spending at home reflected in part increased touring abroad. Trips to other countries rebounded 6.8 per cent, after dropping 5.8 per cent in the second quarter.
- Spending on passenger air transportation was up 3.3 per cent, as both travel abroad by Canadians and international travel to Canada rebounded. Outlays for accommodation rose 2.2 per cent.
- Tourism outpaced the business sector for jobs.
- Tourism gross domestic product grew 1.3 per cent, following a sharp 4.1 per cent drop in the second quarter.

— Canadian Press

CALENDAR

- **Jan. 15:** They're setting the tables at Hugo's Grill for the B.C. Restaurant and Foodservices Association AGM. There will be drinks, a buffet, entertainment and a chance to mix with CEO Simon Evans and provincial chairman Geoffry Howes. Anyone with an interest in the foodservice industry is welcome to attend. Tickets are \$25. Call 386-6368.
- **Jan. 15:** Sneak a peek inside the new Bear Mountain Arena and hear all about the grand opening and how your business can get involved during the Westshore Chamber of Commerce mixer. It's in The Fieldhouse, 1767 Island Highway, from 5 to 7 p.m. For more info on the event and arena's grand opening on Feb. 6, call 478-8384.
- **Jan. 19:** Former Utah State Olympic Officer Lane Beattie, now Salt Lake City's chamber of commerce president, speaks to the Greater Victoria chamber on potential business spinoffs from the

Confidence fuels new housing

BY DARRON KLOSTER
Times Colonist business editor

The construction industry hammered its way to a 15-year high during 2003 as new home construction in Canada was fuelled by skidding interest rates, rising employment and a renewed consumer confidence, says the Canada Mortgage and Housing Corporation.

On Vancouver Island, new housing starts were nearly double the levels experienced in 2000 and analysts and builders are saying the hot market shows no sign of slowing down.

CMHC Victoria analyst Peggy Prill said interest rates are the main fuel, but consumer confidence and good wages are maintaining the demand for new homes. She also said B.C. is experiencing positive immigration from the rest of the country for the first time since the late 1990s. Inventories of existing homes hitting all-time lows in Victoria has also sparked construction demand.

Vancouver Island produced 3,498 new homes during 2003, a 37 per cent increase from the previous year. Greater Victoria led the way with 2,008, an increase from 1,344 from 2002. And all up the Island it

was the same: Duncan had 185 new starts compared with 120 the year before; Nanaimo erected 605 compared with 487 and Courtenay had 452 new homes in 2003 compared with 356 the year previous.

CMHC senior market analyst Cameron Muir said much of the housing demand last year in B.C. came from first-time buyers and individual investors. Condominiums and townhomes were the hot items in urban B.C. centres with 13,687 units, a 30 per cent increase from 2002. New single detached homes hit 11,041 in B.C. cities, up 14 per cent.

Casey Edge, executive officer of the

Victoria chapter of the Canadian Home-builders Association, said the opening up of developed lands on the Westshore and outward — places like Royal Bay, Bear Mountain, Sun River, Stone Ridge and Gibraltar Bay — have set the region up for this boom.

"It's all been developed over the last several years and what it's done is opened up much cheaper land than what is in the core municipalities," said Edge. "With the average price of a home in the \$360,000 range, it's important to have land come on stream that's affordable."

Please see HOUSING, C2

BUSINESS PEOPLE

PURSUING THE MOTHERLODE

BY ANDREW A. DUFFY
Times Colonist staff

Bob Beaupre looks at home wearing a tie and leaning back in his office chair in front of a more-than-cluttered desk.

But looks can be deceiving.

Beaupre, 70, may be comfortable holding court in this small downtown office, a space littered with paper, boxes of files, aerial photographs of the Sooke hills and maps, maps and more maps.

This may be where the president of Beau Pre Explorations conducts business, but it's not where his heart is.

That essential piece of anatomy belongs to the bush — more precisely a block of mining claims covering 15,000 acres on Valentine Mountain. That area, which is sliced, diced, segmented and sampled all over his office, represents a lifetime's work and the pursuit of a dream of finding gold in them thar hills.

To be fair, he's found it. There are plenty of samples with gold flakes and deposits littering the office. But Beaupre is after bigger fish, the motherlode. And he believes it's there, it's just a matter of digging the right hole.

"I know it's there," he says matter-of-factly. "We (the company) could mine on the surface and develop a small-scale mine, but that's not what we're looking for, we're looking for the big one."

He's been looking for it for 30 years, when he and a prospector named Alex Low decided to find the source of the gold in the Sooke hills. They traced it in 1972, and Beaupre staked the area in 1976, and found more than enough evidence that they were onto something.

Since then he's gone from that private individual pursuing the precious metal, to forming a private company, then taking it public to raise exploration funds and eventually optioning the area to major mining companies.



Bob Beaupre is surrounded in his office with the tools of his passion.

John McKay/Times Colonist

"That was the biggest mistake," he said, of optioning the land to companies that would come in and stay two weeks, and when their priorities or financial situation changed they'd pack up and leave.

Beau Pre is now a public company fueled by Beaupre's intense drive and stubbornness and his directors who believe in the cause, or at least the data they've seen.

"I'm accused of being a stubborn, old

bugger and yes I still run around the hills," he said, a smile further creasing his face.

"But the job's simply not finished. I'll turn over the presidency to someone else when the job is done."

And that won't be until he realizes his vision of a major gold mine in those hills.

Beaupre is a modern day Ahab, and what lies within the rock on Valentine Mountain is his Moby Dick — his pur-

suit of the gold has been no less dogged and determined than Herman Melville's captain and his epic tale of trailing a great white whale.

Beaupre is almost the product of another time.

He's a prospector. And his face carries the crevassed, weathered look of a man who has spent a life in the bush and his adult life looking for gold.

Please see GOLD, C2

Apple scores marketing coup in deal with Hewlett-Packard

LAS VEGAS (AP) — From snowboarding companies to soda conglomerates, marketing-savvy multinationals are fixated on wooing the iPod generation. PepsiCo, Burton Snowboards, Volkswagen and America Online have all struck branding deals with Apple Computer in a quest to capitalize on the gadget's popularity.

Now, with a deal with Hewlett-Packard, the world's No. 2 computer maker, Apple may have scored its most significant marketing coup yet. It also gets a crucial boost onto Windows-based computer desktops.

HP's decision to scrap plans to develop its own portable music player and online music store in favour of the shiny iPod and its iTunes pay-per-song Internet store paints another coat of lustre on the consumer-electronics

sensation of the moment. In less than a year, iPod and its iTunes support sheath have broken open the world of digital music, drawing dozens of rivals into the market as the music industry surrendered its Internet inhibitions.

Apple has sold more than two million iPods, making it the top seller of hard-disk portable audio players with more than 50 per cent market share. iTunes has dispensed more than 30 million songs at 99 cents a pop.

Coated in HP's signature blue, the iPod will get a new name under the Hewlett-Packard brand.

But everyone will know it's an iPod.

"We looked at the music space and said, 'There's a great digital music player and a great music store out there, so it's logical for us to partner,'" HP chief executive Carly Fiorina said.

The deal means the iTunes music jukebox program will be pre-installed on all HP desktops and laptops beginning this summer — a plus for Apple, whose computers represent less than five per cent of the worldwide PC market.

"The second-largest manufacturer of Windows computers, for digital music at least, is standardizing on the Apple platform, and that has never happened before," said Phil Leigh, an analyst with Inside Digital Media.

"This is a big step for Apple," said Phil Schiller, Apple's senior vice-president of worldwide product marketing.

"We're trying to grow the market for iPods and iTunes and to reach more Windows users, and HP brings a lot of Windows customers."

Cupertino, Calif.-based Apple has a record of innovation, a top-tier brand and a charismatic chief executive in Steve Jobs.

Last year, Jobs persuaded record label executives to get over their copy-protection worries and make more of their music available on the Internet with fewer restrictions.

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Another Strategic Acquisition...

ScotiaMcLeod Victoria Welcomes Paul Dhut

Dean Freeman, Associate Director for ScotiaMcLeod Vancouver Island, is pleased to announce that Paul Dhut has joined our Victoria office.

For the past several years, Paul has built an investment management practice focusing on helping medical professionals throughout Vancouver Island reach their financial goals.

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Gold: Beaupre is tenacious

• From Page C1

He'd fit nicely into B.C. of the late 1800s when gold fever gripped the province and men made their way to places like Barkerville in search of their fortunes.

"He's tenacious, very tenacious," said John Kuehne, a director at Beau Pre and president of SmallCap, an investor relations company, who notes the last 24 years have been tough on gold. "Yet, by hook or by crook, Bob has kept Beau Pre grinding forward."

Another one of the company directors, Bill Pfaffenberger, called Beaupre a bit of a rare bird who has never given up the dream.

"He's real believer," said Pfaffenberger, a University of Victoria math professor. "He can just about talk about every single rock out there."

And maybe that's why Beaupre, who first panned for gold in the area in the early 1970s, is so convinced he's backing a winner. He's walked every inch of the area, he's poured over the data and believes it's just a matter of time before

they find the consistency of gold they've been waiting for.

The company claims a surface indicated resource of 14,000 ounces of gold and an inferred resource of some 500,000 ounces, but as Beaupre himself points out, all the data in the world won't help you dig it up.

"It's a high-tech market and it's expensive," he said of drilling operations. "The cost is horrendous."

And even if you drill, there's no guarantee you'll find what you know is there.

"It's a luck thing, yeah, but it's also based on perseverance and science," he said, adding it doesn't hurt to have a gambler's spirit running in your veins.

"Is it an odd occupation? I don't know, it's a difficult one ... and probably something the average Joe wouldn't want to get into," he said.

"You have to have a nose for it, and you know it's the kind of job that you are meant to be doing."

And Beaupre, who owns the para-legal firm Victro Registry Services — the day job that allows him to follow his heart — may be doing this the rest of his life.

"I'll keep at it, we know there's a mine there and it's about time it starts paying back," he said.

There is hope on the horizon with the increase in the price of gold to \$424.60 US per ounce and the provincial government's commitment to revitalizing the industry via tax incentives and breaks.

ESSENTIAL BEAUPRE

- **Born:** Smoky Lake, Alta.
- **Age:** 70
- **Raised:** Bonnyville, Alta.
- **Family:** Wife of 48 years Bertha, sons Vance and Brian and daughter Corinne
- **Came to Victoria:** September 1970
- **Education:** Prospecting studies at Camosun College; Geology is self-taught, though his directors point out he can hold his own with anyone; gold panning tips from long-time prospector Alex Low; and plenty of gold stars from the prep school of trial and error.
- **Is he an anachronism?:** "I don't think so, there's a lot of people out there like me, I just stuck with it. I (appreciate the) romantic notion of searching for gold, but

I just see it as a commodity."

• **How do you see prospecting?:** "It's a treasure hunt, we're looking for a lost galleon."

• **What do you do when you're not working?:** "I'm never not working. But I do like horse races I'm good at that."

• **Do you now, or have you ever owned a burro?:** "Never. We used a dune buggy (to carry supplies.)"

• **What does gold do to people?:** "It does change them. It establishes greed in people, and I don't know why, as far as I'm concerned it's like any other commodity."

• **Best thing about gold:** "It never changes, that first ounce is still there somewhere. It never weathers, never rots."

Housing: Interest rates the driver

• From Page C1

Edge agreed interest rates are the driver, but in B.C. it's also a case of confidence in the government, debt management and overall fiscal policy. "People from outside the province want to invest here now," he said.

"We're getting lots of people and lots of calls from Alberta. Any time you get that from Alberta, it's a good thing."

With the Bank of Canada scheduled to make another rate update Jan. 20, and analysts expecting another quarter-point decrease, the only hurdles to the current boom are increasing costs of materials and skilled labour shortages. It's what

Edge calls "the dark lining in the silver cloud."

For example, the cost of oriented strandboard, or OSB, has increased from \$7 to \$20 in the last year, putting the sheeting material almost on par with plywood.

And there never seems to be enough workers even though local construction associations have added new initiatives to work with schools and colleges to increase the workforce.

Prill expects investors to help maintain the boom. "People look for places to get a good rate of return, and stocks and GICs haven't seen returns like in real estate," she said.

In Canada, total housing starts for 2003 hit 217,800, representing 6.2 per cent growth over 2002.

However, analysts expect the national pace to ease slightly this year to just over 204,000 units.

Most of the 2003 increases occurred in Ontario; but B.C., the Prairies, and the Atlantic region also had gains while multiple starts fell in Quebec.

Nationally, actual urban multiple starts for 2003 are estimated to have increased by 20.5 per cent over 2002 levels, according to the CMHC.

Rural starts in December were estimated at an annual rate of 25,900 units.

Cold sends gas and oil prices soaring

CanWest News Service

EDMONTON — Crude oil and natural gas prices hit close to one-year highs Friday, as low oil stocks and frigid weather in key consumption regions in North America fed speculation that energy markets will remain firm.

Crude oil on the New York Mercantile Exchange closed up 33 cents to \$34.31 US — the highest level reached on the world's principal energy trading floor since the onset of the Iraq war last March. Natural gas jumped to \$7.29 US per million British thermal units, up 19 cents and its highest level since the end of last February.

This week's blast of arctic weather in the U.S. Northeast — the biggest user of heating oil — in particular had energy

markets rallying. The cold temperatures were expected to ease up early next week, but another cold front is expected to quickly follow. This coincided with U.S. crude oil stocks falling 1.7 million barrels last week to 269 million barrels, the lowest since 1975.

Some traders doubt the energy spike will outlast the coincidence of cold weather, low inventories and weakness in the American dollar that caused it. But industry and government agencies, ranging from FirstEnergy Capital Corp. to the U.S. Department of Energy's Energy Information Administration, predicted markets will stay tight and prone to take more leaps, especially during cold snaps.

FirstEnergy analyst Martin King in Calgary predicts rising global demand and limited production will put a floor on

oil prices for the rest of this decade. The investment house believes the industry can count on oil to average in the \$26-\$27-US-per-barrel range through 2010, a major gain from the \$18-\$22 US of the late 1990s.

In Washington, energy department market analysts predicted oil will stay strong after the cold weather to maintain a 2004 average in the range of \$28-\$30 US per barrel. World demand is forecast to grow at an annual rate of two per cent.

Consumption is expected to increase more than three million barrels per day in 2004, an amount that should exceed production additions, unless the Organization of Petroleum Exporting Countries raises member quotas at its next meeting Feb. 10, the U.S. government analysts said.