

Business

Slate firm gets loan for feasibility study

Dome Creek Structural Slate (DCSS) Ltd. will receive an \$80,000 interest-free loan from the Western Diversification Fund, Prince George-Peace River MP Frank Oberle said last week from Vancouver.

DCSS will spend a total of \$161,000 and employ 10 people conducting a feasibility study and market assessment for a slate quarry at Dome Creek.

Distributors in the United States, the United Kingdom, Japan and Canada have already expressed interest in the grey-green slate, which can be used in floor or roof tiles, building stone, monuments, name plates and crafts.

Initial quality testing of slate samples from the DCSS quarry are very favorable, Oberle said earlier in a prepared statement.

The feasibility study will involve site clearing and extraction of 150 tons of slate. Slate samples will be presented to prospective clients to be assessed for color, thickness and appearance.

Oberle, also federal Minister of Forestry, announced the repayable contribution on behalf of Western Economic Diversification Minister Charles Mayer.

"These are soft loans — interest-free loans," Oberle said. "They would be repayable from the profits of the private enterprise."

"There are no grants any more in the Western Diversification program. The idea is we share in the risk, and the interest-free aspect amounts to a contribution, but the

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Compiled by PAUL STRICKLAND and DAVE PAULSON

loan is to be repaid."

Market assessment costs include travel to present samples to clients in the U.S., Europe and Ontario, and the production and distribution of brochures to architects, designers and contractors.

"There are no other slate producers in Western Canada, and the market is currently served by China and the U.S.," Oberle said. "If these feasibility and marketing assessments are successful, DCSS has the potential to introduce a new product to western Canada to displace imports and to add to our range of exports to the U.S., Japan and Europe."

The Enterprise Development Centre has issued its calendar of new courses and events.

Included are courses introducing students to business and professional uses of the IBM PC, beginning to advanced classes in WordPerfect, and a refresher course on assertiveness training.

Other courses focusing on management cover such topics as new hire orientation and training, team building, interpersonal negotiation,

time and stress management and safety standards.

For further information contact Jan Pooley, manager of continuing education, The Enterprise Development Centre, 1591 Fourth Avenue, 563-9588.

The British Columbia Automobile Association's Prince George Service Centre invites all city and district residents to see its improved premises at 690 Victoria St. at its open house Saturday.

The 10 a.m. to 3 p.m. event is a chance for the community to visit BCAA staff at the refurbished offices, which allow them to offer enhanced automotive, insurance and travel services to Prince George, said Tom Laurie, service centre manager.

To welcome visitors to the centre, BCAA personnel will be giving out certificates for free check-ups for their cars, in addition to other gifts and surprises.

The automotive certificates are redeemable at three BCAA-approved garages — 15th Avenue Esso, College Heights Service and Prince George Motors Ltd. — where mechanics will perform a visual check of vehicle lights, tires, cooling systems, brakes and hoses.

"My expert, friendly staff and I invite everyone to come out April 28, have a coffee and a doughnut, and find out about our services and travel packages," he said.

Kaman Bearing and Supply Corporation, a subsidiary of Ka-

man Corp. and one of North America's prominent industrial distributors, has changed its name to Kaman Industrial Technologies Corp. to highlight its added capabilities in new systems technologies, Harvey S. Levenson, the corporation's president, announced recently.

Now to be known in Canada as Kaman Industrial Technologies Ltd. in Canada, Kaman Bearing and Supply has operated in Prince George since 1938, Murry Skaar, district manager for northern B.C., said Friday.

"There's no change in our actual physical operation," he said. "The company is still the same company."

"The name change is to more accurately describe the business we're involved in."

The purpose of the name change, he elaborated, is to emphasize the company's greater emphasis on the technological end of its line of products, such as mainly electronic drive packages — "the mechanical and electronic power transmission end of things," Skaar said.

"We're suppliers to pulp mills, sawmills and mines as well as almost every other small industry in British Columbia," he continued. The Prince George outlet employs seven people.

The company started out in Prince George in the late '30s as Nash Engineering. It later became known as Okanagan Equipment

and next was called Bitco.

Kaman purchased Bitco in the early '70s, Skaar said. At that time, the Prince George outlet operated a machine shop at its 870 Third Ave. location. Kaman discontinued that and "concentrated on the after-market supply of bearings and mechanical and electronic

power transmission components," Skaar recalled.

"We're basically an industrial wholesale supplier, but Kaman is a big, diversified corporation."

Kaman Industrial Technologies is listed as No. 387 among the Fortune 500, and had 1989 revenues of \$800 million U.S.

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Which is best, mortgage or RRSP?

Should you pay up your RRSP or pay down your mortgage?

"My wife and I are thinking about taking out a mortgage to buy a home," writes S.K. "Should we then pay off the mortgage year by year and contribute to RRSPs, or forget the RRSPs and pay off the mortgage faster?"

That is one of the most frequently asked questions these days. The answer can vary and depends on both your present situation and your plans for the future.

Several computer programs have been developed to show which choice makes more sense financially. But you can get a reasonably good indication in a less structured way.

DirecTrust, a division of Counsel Trust, has prepared a one-page analysis which deals with this question. It provides four simple guidelines plus two detailed examples with calculations which illustrate what happens when one follows the mortgage paydown or the RRSP route.

DirecTrust is offering readers of this column a free copy of this analysis. Phone toll-free 24 hours a day 1-800-668-7283.

Up to 15 people are available to answer the phones (DirecTrust calls itself "Canada's telephone trust service"), but if you have any trouble getting through, write to Kathleen Richardson, marketing manager, DirecTrust, 36 Toronto St., Suite 300, Toronto, Ont. M5C 2C5.

You can also answer the following questions to help you choose whether the mortgage paydown or the RRSP approach would be better for you.

(1) Are you (and your partner) in one of the two higher tax brackets now?

(2) Can you earn a decent rate of return on your RRSP — close to or perhaps even more than the

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Mike Grenby

mortgage interest rate?

(3) Will you leave your money in the RRSP for a long time?

(4) Might you be in a lower (or the same) tax bracket when you take out your RRSP funds?

(5) Are you more likely to make regular RRSP contributions than to have the discipline to keep aside savings to pay down the mortgage?

(6) Do you feel comfortable with debt?

The more "yes" answers you have, the more likely it is you should choose the RRSP route.

Of course, you could also decide to contribute to an RRSP, then use your tax refund to pay down the mortgage. And if the proposed RRSP changes go through, starting in 1991 you could pay down the mortgage, then make catchup RRSP contributions up to seven years later.

Let's take a closer look at some of the preceding questions.

The higher your tax bracket now, the more tax you will save when you contribute to an RRSP. Ideally, you could then also invest your tax savings to produce even more investment growth.

Conversely, if you are in the lowest tax bracket, with taxable income below about \$28,000 for the year, the tax savings of the RRSP approach diminish substantially.

The relative rates of return are

important.

If your mortgage is costing you 11 per cent and you can get at least that return on your RRSP funds, you'd lean toward the RRSP. But if you have a 13.5-per-cent mortgage and when you make your RRSP contribution the best return you can get is only around 10 per cent, paying down the mortgage might be better — at least in the short term.

The longer you leave your money in an RRSP, the more money magic the tax-free compounding

can produce.

If you expect to be in a lower tax bracket when you withdraw your RRSP funds, you increase the tax advantage. This would also apply if you contribute to a spousal RRSP and your spouse will be in a lower tax bracket when the funds come out than you are when the funds go in.

Theories and computer projections are fine. But you must face the realities of the way you manage and save money.

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