

# Report on Business

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 <b>S&amp;P/TSX</b> 11,469.81 +34.32	 <b>Dow</b> 10,099.14 -45.05	 <b>Nasdaq</b> 2,183.53 +6.12	 <b>Dollar</b> 95.08 -0.05	 <b>Gold</b> 1,090.00 -4.70	 <b>Oil</b> 74.13 -1.15
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Sprott Asset Management www.sprott.com 1-866-293-9506	<b>SPROTT OPPORTUNITIES HEDGE FUND LP (CLASS A)</b> January 29, 2010			
	1 year <b>7.08%</b>	3 year <b>8.84%</b>	5 year <b>14.23%</b>	Inception* <b>19.45%</b>
<small>Returns are annualized and net of fees. Past performance is no guarantee of future returns. Available to accredited investors.</small>				

## MEDIA

# Shaw plots new path with CanWest deal

Acquiring key TV channels will allow Shaw to enrich its platforms of cable, satellite and, eventually, cellphones with content

BY SUSAN KRASHINSKY  
AND GRANT ROBERTSON

With Shaw Communications Inc.'s entry into the broadcasting game, a new business model is emerging: Not media convergence, but platform convergence.

Calgary-based cable and satellite provider Shaw announced yesterday that it will provide the investment needed to bring CanWest Global Communications Corp. out of restructuring. The deal is worth a minimum of \$65-million, the amount of Ca-

nadian equity CanWest said it would need to emerge from restructuring when it sought protection from creditors under the Companies' Creditors Arrangement Act in October, or possibly more.

It would give Shaw at least 20 per cent of CanWest's equi-

ty and an 80-per-cent voting interest in the restructured company. The deal gives Shaw control of some of CanWest Media Inc.'s television holdings, including conventional network Global, and a handful of specialty channels. It does not affect the restructuring of

## INSIDE

Shaw's CanWest play says more about the Shaws' nose for a bargain than about its strategic genius, **Derek DeCloeet** writes.

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CanWest's newspaper division or the auction of those assets.

But for Shaw, the real plum is a coveted collection of specialty channels that CanWest acquired from Alliance Atlantis in 2007, including Showcase and Food Network Canada.

SEE 'CANWEST' PAGE 6

## COVER STORY » 2010 OLYMPICS



### DEVELOPMENT

What's in store for a post-Olympic Vancouver? Mayor Gregor Robertson has already started making his pitch. He and fellow mayors from across the region are hosting 100 executives from 70 international companies throughout the Winter Games with a clear motive: Get them to open an office in Greater Vancouver.



### REAL ESTATE

The end of the Games will lead to higher commercial and industrial vacancy rates as dozens of companies and national organizations move out — bad news for landlords already hurt by the recession. Avison Young industrial real estate broker Michael Farrell calls it a tenants' opportunity 'that we have not seen in several years.'



### TOURISM

Tourism officials are planning an aggressive attack on Winter Games visitors to ensure they are motivated to return. The city's Convention Centre expansion and a 53% jump in hotel bookings for the rest of this year over 2009 bode well for Graeme Benn of



### RETAIL

Retailers are eyeing the Winter Olympics as an opportunity to reinvigorate sales after the recession.



### MARKETING

Elena Rivera MacGregor, creator of the Inukshuk design that won the Vancouver Games' logo competition, is hoping the marketing mania accompanying the Winter Games inspires many companies to rebrand. She says winning the logo competition in 2005 hasn't generated as much business for her company as she anticipated.

# VANCOUVER'S GOLDEN ECONOMIC LEGACY

With hotels sold out and visitors spending, the city's economy is set to explode during the next few weeks. But Vancouver's business community is aiming for a different kind of global first: Turning the billion-dollar sports spectacle into a vehicle for long-term financial growth

**Brenda Bouw** reports. **Page 5**

COVER STORY » CONTINUED

# Games organizers have promised lasting benefits – a rarity for host cities. Other venues have failed to initiate a post-Olympic business plan, they say

BY BRENDA BOUW VANCOUVER

Among the hundreds of thousands of spectators and participants pouring through the Vancouver area for the 2010 Winter Olympics, some 10,000 employees of security firm Contemporary Services Corp. are working to make the event run as smoothly as possible.

When the Games are over and the athletes go home, most of the CSC's staff will leave as well. But staying behind will be about 420 part-time and full-time employees, along with a new Canadian headquarters for the Los Angeles company.

"We're very excited that we've had the opportunity to leverage the Games in Vancouver ... and leave a legacy here," says Stephen Mirabile, president of CSC's Canadian division.

That legacy is one example of a major promise Olympic organizers have made for the Vancouver Games: economic benefits that last for years after the last medals are handed out.

Vancouver's economy is certain to explode while the

Games are on. Hotels have long been sold out and visitors are spending heavily in restaurants and shops. But whether the billions of dollars spent leading up to the Games and the global spotlight on Vancouver translate into a long-term boost for the local economy remains a crucial unknown.

Vancouver Mayor Gregor Robertson has already started his post-Olympic pitch. He and mayors from across the region are hosting 100 executives from 70 international companies throughout the Games with a clear motive: Get them to open an office in Greater Vancouver.

It's a strategy borrowed from the 2000 Sydney Games.

"Our broad objective as a city is to put Vancouver on a global map," Mr. Robertson says. He hopes foreign companies involved in growth areas such as clean technology and digital media will set up operations in Vancouver.

Making Vancouver a bigger international destination will translate into more jobs, better business opportunities, increased tourism dollars and im-

proved infrastructure, officials say.

But creating lasting economic energy from the Olympics is a big challenge, and something few other host cities have pulled off. Economists point to historical data showing Olympic cities see a short-term economic bump after the event, but then ease back into their regular economic routine within months.

Vancouver organizers scoff at such data. To them, it's just research used to create a new and improved post-Olympic business strategy.

What's been missing in past Olympics is an aggressive post-Games push, according to Tourism Vancouver.

"Where there was often a fault was in the post-Olympic messaging," said Steve Pearce, vice-president of leisure travel and digital marketing for the tourism agency. "Our challenge will be to be in the marketplace afterwards in an aggressive way, remind them of our relevance and ask them for our business."

CSC's Mr. Mirabile said strong economic growth forecasts for

Vancouver in the years ahead – 4.5 per cent this year, 3.8 per cent in 2011 and 4.1 per cent in 2012 – were part of the security company's decision to stick around.

But many economists say Vancouver's future growth numbers, which are above the national average, have more to do with the overall recovery than the Winter Games themselves.

"While the Olympics will be a boost to confidence and the mood of a lot of people in the province, it won't change the future growth trajectory of the economy, longer-term," said Jock Finlayson, executive vice-president of the Business Council of British Columbia. "That's putting too much weight on the shoulders of the event."

Bank of Montreal economist Doug Porter said a review of past Games in Calgary and Montreal shows a small positive impact on jobs and retail sales "which soon wears off."

"Perhaps the most significant impact of the Games on the B.C. economy will be the long-term positives from the up-

graded infrastructure and from any halo effect of what will essentially be a 17-day advertisement for the region – and that is nearly impossible to quantify."

The most popular infrastructure projects to come out of the Olympic economic movement include a tripling in size of the convention centre, upgrades to the Sea-to-Sky highway connecting Vancouver to Whistler, and the Canada Line rapid transit route from downtown to the city's airport, the first such link of its kind in Canada.

"Those infrastructure projects are by far the most important things" to come out of the Games, said University of British Columbia Professor James Brander. "That's where the real money is."

Prof. Brander said the only "bad" project that could lose money is the \$1-billion athlete's village, which the city took over after the original financing plan involving a Wall Street hedge fund and a private developer fell through. The city is on the hook for about \$675-million, according to the latest estimates from Mayor Robert-

son. Vancouver's hot housing market could provide the city with an opportunity to profit when it eventually sells the athlete's village.

But experts don't credit the Winter Olympics for soaring prices of the city's real estate.

A recent study by the University of British Columbia showed Olympic host cities don't experience a real estate boom or bust as a result of the Games.

"While construction employment dramatically increases in the period prior to the Games, house prices are the same as they would be in the absence of the Games," said Tsur Somerville, one of the study's authors.

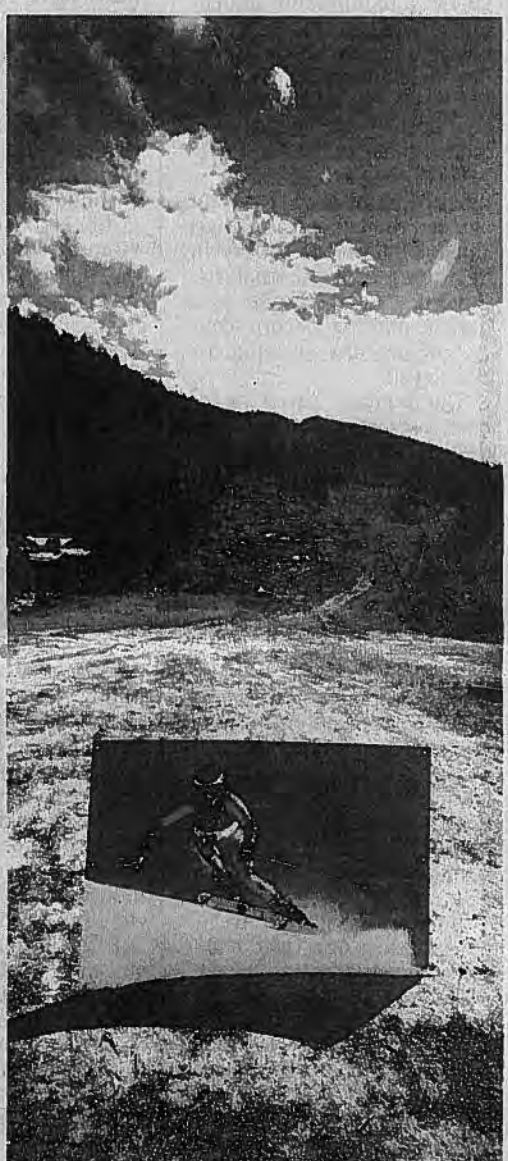
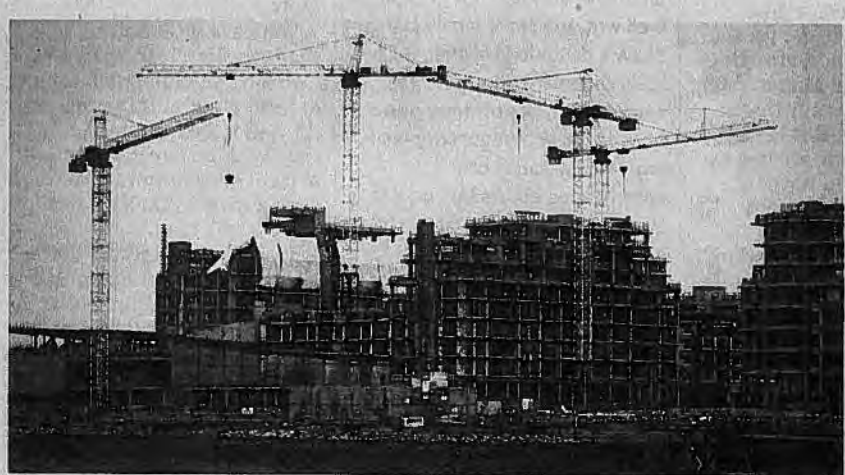
According to Mr. Somerville's research, Vancouver's economy will quickly revert back to its regular rhythms once the Games are over.

"We do not find support for the argument of host city backers that the Olympics delivers positive economic benefits, nor of the arguments made by opponents that there is some post-Olympic bust."



Heavy machinery, left, at the Blackcomb luge and bobsleigh track in 2005; the Alpine ski venue, right, at Whistler, July, 2006; cranes at the Athletes' Village in Vancouver, below, 2008; and the Olympic rings at an underpass on the Sea to Sky highway, August, 2009.

PHOTOS BY JOHN LEHMANN/THE GLOBE AND MAIL; LYLE STAFFORD FOR THE GLOBE AND MAIL; AND JONATHAN HAYWARD/THE CANADIAN PRESS



**TOURISM**

The people who promote Vancouver as a tourist destination aren't about to let the scenic mountains and cosmopolitan streets speak for themselves during the Winter Olympics, especially not with the Americans.

Tourism officials are planning an aggressive attack on visitors to ensure they don't just enjoy Vancouver, but are convinced to come back. The advertising and social media blitz will also continue after the crowds have gone home.

**INFRASTRUCTURE**

SNC-Lavalin didn't need the 2010 Winter Olympics to help put it on the map, but having a hand in two of the major infrastructure projects that make up a big part of the event has given it greater global exposure.

Its Vancouver-based transportation division built and now operates the Canada Line connecting Vancouver's airport to the downtown. It also oversaw the engineering behind upgrades to the Sea-to-Sky highway that winds from Vancouver to Whistler.

**HOTELS/CONVENTIONS**

Vancouver's \$880-million Convention Centre expansion project, which tripled its size, is the key to attracting more business to the city after the Winter Games.

So far the strategy appears to be working with room night bookings – a key measure in the convention business – poised to surpass 170,000 in 2010, not including the explosion of business during the Olympics. Tourism Vancouver says those numbers rise to a record 200,000 in 2011. Both smash the record 120,000

**PROPERTY**

The end of the Winter Olympics will lead to higher commercial and industrial vacancy rates in Greater Vancouver as dozens of companies and countries move out of the thousands of square feet of space leased in months leading up to the event.

More space is good news for tenants looking to rent property, but bad news for landlords already facing high vacancy rates as a result of the recent recession. The collective moving out in a few weeks time has property

**MARKETING**

Elena Rivera MacGregor is counting on the Winter Olympics to revitalize her Vancouver branding and design company, and not just because of the renewed attention she's receiving as creator of the Inukshuk design that won the Games logo competition.

Ms. MacGregor, who runs Rivera Design Group, is hoping marketing mania around the Vancouver Games will inspire many companies to rebrand, and then choose her company to do the work.

**RETAIL**

While most people want snow during the Winter Games, Vancouver Umbrella president Shana Hochfelder is praying for rain.

"If it doesn't rain between now and the end of February, we'll be having a bonfire of Olympic umbrellas," joked Ms. Hochfelder, whose company has the licensing deal to sell umbrellas with the official 2010 Olympic logo.

Ms. Hochfelder is one of many retailers eyeing the event as an opportunity to reinvigorate sales after the recession. While her

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Tourism officials are planning an aggressive attack on visitors to ensure they don't just enjoy Vancouver, but are convinced to come back. The advertising and social media blitz will also continue after the crowds have gone home.

On their hit list in particular are the Americans: easy targets because there are so many of them and they live close by, but hard to rap due to such barriers as tough financial times, the high Canadian dollar and tighter border security.

It makes the hunt that more challenging, but necessary given that increased tourism is said to be the key benefit of being an Olympic host city.

"We have to get people to pay attention to our message and make it relevant enough for them to consider us as a vacation option," said Steve Pearce, a vice-president at Tourism Vancouver.

He said the strategy for his organization, combined with all levels of government, is to attract international visitors to Canada, with British Columbia and Vancouver as a destination. However, when it comes to the Americans, the key is promoting the province and more specifically Vancouver.

"It's not hard to find people who know about Canada, but making it as a vacation option, that's tougher," he said.

## INFRASTRUCTURE

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Its Vancouver-based transportation division built and now operates the Canada Line connecting Vancouver's airport to the downtown. It also oversaw the engineering behind upgrades to the Sea-to-Sky highway that winds from Vancouver to Whistler.

Both projects were going to be tackled at some point, but Vancouver's winning Olympic bid turned them into government spending priorities.

"The nice thing about the Olympics was that it gave a hard deadline for many projects," said Jim Burke, SNC-Lavalin's executive vice-president in charge of transportation.

SNC-Lavalin's biggest Olympic-related role is the Canada Line, which opened 15 weeks ahead of schedule last summer and boasts ridership levels years ahead of predictions. The transit line surpassed its two-year goal of 100,000 daily riders, within the first two months. More than 158,000 people travelled on the Canada Line on Thursday, the day before the opening ceremonies.

"This is a source of pride for employees, being involved in these projects," said Mr. Burke.

The Canada Line and Sea-to-Sky Highway projects helped SNC-Lavalin land work for the 2014 Winter Olympics in Sochi, Russia, as an adviser to state-owned Russian Railways, which is building road and rail infrastructure.

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Conventions are lucrative because of the economic spinoffs, such as restaurants, taxis and of course hotel stays.

Hotel bookings from March to December this year are up 53 per cent from the same time in recessionary 2009, and up 33 per cent from 2007, which was the best year in recent memory, PricewaterhouseCoopers data shows.

That bodes well for Fairmont Hotel and Resorts, which has four hotels in downtown Vancouver, its highest concentration of all cities in which it does business.

Fairmont's Graeme Benn said the economic recovery is boosting stays, but the Olympics is also a strong driver. "I expect the interest to only escalate," now that the Games are here, he said.

Rival Four Seasons, with one Vancouver hotel, sees Olympic hype helping sales. "The Olympics will be a huge coup for us going forward, more so that Expo '86 ever was," said marketing director Kostas Christopoulos.

## PROPERTY

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More space is good news for tenants looking to rent property, but bad news for landlords already facing high vacancy rates as a result of the recent recession.

The collective moving out in a few weeks time has property owners scrambling to secure new tenants by offering deep discounts and other incentives.

For example, a 750,000-square-foot building leased by the Winter Olympics organizing committee in Delta, B.C., is now being marketed for around \$5 a square foot on an annual basis. The space was being marketed for more than \$7 per square foot when they took it over about 18 months ago.

Avison Young broker Michael Farrell said the Vancouver Olympics have become a "soft deadline" for lease renewals. Potential tenants are waiting to see what space will come free as other leases expire over the next 18 months or so. The result is even more vacant space on the market, which is good news for tenants.

"Tenants today have an opportunity that we have not seen in several years to lease space at reduced rents with generous inducement packages," he said.

The office vacancy rate for Greater Vancouver was 7.8 per cent at the end of 2009, which is up slightly from 7.4 per cent in the middle of last year.

## MARKETING

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"The Olympics is really a demonstration of what I do," she said.

Since she won the logo competition in 2005, Ms. MacGregor said her phone hasn't rung off the hook as some expected. Instead, she has had to pound the pavement, sometimes harder than before, to convince both old and potential clients that she wanted more work, and does more than just design logos.

"We have finally come to the place where we are more of a magnet than a deterrent," said Ms. MacGregor of Rivera Design Group.

Her experience is not unlike the success of the Winter Games themselves, where hype can only go so far.

Ms. MacGregor said it will be an emotional time for her when the event ends.

"I will miss the attention. Right now the city is dressed in my colours. It will be a little sad, that's for sure," she said.

## RETAIL

While most people want snow during the Winter Games, Vancouver Umbrella president Shana Hochfelder is praying for rain.

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Ms. Hochfelder is one of many retailers eyeing the event as an opportunity to reinvigorate sales after the recession. While her market is people who hate to get wet, others retailers, such as Roots and Lululemon, are playing up to the patriotic side by selling bags, jackets and shirts emblazoned with flags from various Olympic nations.

How successful the strategy will be won't be known for weeks, but Ms. Hochfelder's company is proof that having special Olympic retail status doesn't guarantee strong sales. "Sales are not nearly as high as we thought," she said.

Corporate sales to sponsors such as Visa and Samsung are 70 per cent below projections, and while retail sales have risen steadily in the past six weeks, the company has only sold about 50 per cent of its Olympic product so far, which is below expectations. The company has made about 20,000 Olympic-style umbrellas of various shapes and styles.

Ms. Hochfelder said the highest sales volumes are expected during the Olympics, but she's also looking to Mother Nature for help.

What happens if the umbrellas don't sell out? They'll go on sale, alongside all of the other Olympic paraphernalia left on the shelves.