

# Starbucks, Lions Gate team up for project

**FILM** | Companies will jointly market, distribute an upcoming movie titled *Akeelah and the Bee*

SEATTLE — Starbucks Corp., seller of music CDs and co-producer of Ray Charles's *Genius Loves Company* album, said Thursday it has teamed up with film studio Lions Gate Entertainment Corp. to jointly market and distribute the coming film *Akeelah and the Bee*.

The move comes as Starbucks begins promoting movies and offering DVDs and soundtracks at its coffee shops to expand its entertainment offerings.

Starbucks will promote *Akeelah and the Bee* — a film produced by Lions Gate about a spelling bee featuring Laurence Fishburne and Angela Bassett that debuts in April — with spelling-related trivia games in its stores and ads on its cardboard-cup sleeves.

The largest U.S. coffee-shop chain is adding DVDs and soundtracks at its 5,500 company-operated U.S. and Canada stores and expanding its music offerings to boost sales beyond coffee. Starbucks

sold nearly 3.5 million CDs in the fiscal year ended Sept. 30. The company is also expanding its music business by building larger Hear Music stores attached to its shops.

"Over the past year, we viewed countless films and spoke with numerous studios in pursuit of finding the perfect film," Starbucks Chairman Howard Schultz said Thursday in a statement. "Just as we have demonstrated with music, we believe Starbucks can ultimately change the rules of the game for film marketing and distribution."

Schultz already has ties to the movie industry. He sits on the board of DreamWorks Animation

SKG Inc., and he hired Ken Lombard, former head of Earvin "Magic" Johnson's Johnson Development Corp., to run the burgeoning entertainment division of Starbucks. The company doesn't break out results for the entertainment business.

The new DVDs and soundtracks won't be available at Starbucks stores outside the U.S. and Canada or at licensed shops inside supermarkets, bookstores and airports, spokeswoman Sanja Gould said. Starbucks's agreement to promote *Akeelah* doesn't include any other films by Lions Gate.

Gould also said Starbucks has been meeting with Hollywood stu-

dios about possible film projects and plans to begin selling books later this year.

Starbucks has been expanding its music business. In 1999 it bought Hear Music, a chain of music stores with locations in Seattle and Austin, Texas. The company has since created larger Hear Music stores attached to Starbucks's coffee shops where customers can choose from more than a million song titles, and burn their own CDs while sipping lattes. Starbucks won't have more than 20 CD and DVD titles at any one time in its stores so customers don't get overwhelmed, Gould said.

Bloomberg



Sword of the Stars pits four species against each other.

## Kerberos sells rights to Sword of the Stars

BY MARKE ANDREWS  
VANCOUVER SUN

**GAMES** | Kerberos Productions, a small Vancouver videogame firm, has signed a deal with Dutch company Lighthouse Interactive to publish Kerberos's first game, *Sword of the Stars*.

Financial details were not disclosed, but the deal gives Lighthouse, which has offices in Amsterdam and Montreal, first publishing rights for any subsequent *Sword of the Stars* games made by Kerberos.

*Sword of the Stars*, made for about \$1.5 million, is a multi-player strategy game involving adventure, exploration and combat within a 3D starmap. Four species — Human, Hiver, Tarkas and Liir — co-exist and compete using their own specific technologies.

"Lighthouse really understood the genre and the game," said Martin Cirulis, CEO and lead designer of Kerberos Productions.

"They guarantee strong European distribution, which is important to us, and as a company they are much like us. Their [individual] members have a lot of experience, but as a new company they are hungry and passionate about carving a place in the world."

Steve Wall, a vice president at Lighthouse's Montreal office, said as soon as he learned about *Sword of the Stars* and who had developed the game, he wanted to acquire it for Lighthouse.

"The [Kerberos] team is cream of the crop in terms of being a development unit, and what its members have done in the past was terrific," said Wall, citing the videogame *Home World: Cateclism*, which key Kerberos members developed, as an example of their work.

"*Sword of the Stars* was a great-looking title that needed a home," said Wall. "It had all the ingredients that a publisher looks for."

Wall added that the game, with its own universe, has "incredible franchise potential."

*Sword of the Stars*, one of four titles recently signed by Lighthouse Interactive, is expected to be released this spring.

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## New service provides 'people with choice'

From GI

Fox that will give the new Telus TV service access to some of the studio's latest films, such as *Fantastic 4*, *Mr. & Mrs. Smith* and *Robots*.

"We're very confident that access to blockbusters like that will drive the acceptance of our new service," Telus vice-president of consumer marketing Fred Di Blasio said in an interview.

The new TV service will feature video-on-demand technology that requires an ADSL link and a set-top box. Di Blasio said Telus is "absolutely thrilled" with the response to the service during a recent soft launch in Alberta.

"This service will provide people with choice, something they haven't really had in the past," he said. "That's why we've had such a warm response to the service offering we're had in Alberta."

Di Blasio said Telus welcomes the phone-market competition from Shaw, which he calls a "solid, well-run company."

"But their value proposition is pretty simple," he said. "We try to imbed new services [in our products]. Our new TV service won't be a 'me-too' service. It will be tomorrow's TV today."

Shaw said a lot of customers must like the simplicity of his company's product offerings because more than 90,000 customers have bought its phone service in the past nine months. However, he insisted Shaw won't cut prices to try to buy market share in B.C.

"We'll compete on service," he said. "I'm assuming there's lots of room for both [Shaw and Telus in the B.C. market]."

Di Blasio echoed a similar pricing strategy, saying the launch of Telus TV has to be financially sound for all stakeholders.

"Customers want things that simplify and make their lives more meaningful and they're prepared to pay for that," he said.

BMO Nesbitt Burns telecommunications analyst Peter Rhamey said Telus and Shaw both appear to be maintaining "price discipline" in the market.



RICHARD LAM/CANADIAN PRESS

**Shaw Communications CEO Jim Shaw speaks to shareholders during the company's annual general meeting, Vancouver Thursday.**

"Logic says that cooler heads should prevail and as long as Shaw gains something like 34,000 phone subscribers a quarter, maybe that's acceptable to Telus," he said in an interview.

Rhamey said the Shaw-Telus battle in B.C. is a natural evolution as Shaw was due to deploy new products in Vancouver, one of its biggest markets.

"We knew three years ago that Telus would launch Telus TV and it's a strategy that makes sense," he said. "I don't think they'll make a lot of money doing it but they certainly need the competitive symmetry so they can offer their customers similar bundles of services [as Shaw]."

Rhamey said increased competition means consumers should expect competitive prices on most services, even if they're locked into contracts for a certain period of time. He noted the wireless industry suffered a huge backlash years ago when customers under contract had to pay 50 cents a minute for a service that was available in the market for 30 cents a minute.

"So when you came off your contract, you really didn't feel like sticking around with Rogers or Bell because you felt exploited," Rhamey said.

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## Home-price gains reflect B.C. economy

LEPAGE REPORT | Nationally, prices strong

VANCOUVER SUN

**B**.C.'s booming economy continued to drive home prices in Vancouver and Victoria with both areas registering double-digit gains over the last year.

A fourth-quarter report released Thursday by Royal LePage Real Estate Services said in Vancouver, the average price of a standard condominium experienced the greatest appreciation in the city, rising 15.2 per cent, year-over-year, to \$276,000, followed by the average price of a detached bungalow, which increased by 12 per cent to \$550,400. A standard two-storey property in Vancouver rose by 11.4 per cent to \$630,600, the survey said.

"Vancouver is currently experiencing an economic boom, with a shortage of labour being the only limiting factor in the city's growth," Bill Binnie, president of Royal LePage Northshore, said in a news release. "The construction industry has been one of the most active sectors, with residential, commercial

and infrastructure construction all experiencing unprecedented activity.

"Listing inventory continues to fall short of demand despite the number of new construction projects," Binnie said. "As the city continues to grow along with our economy, these tight market conditions are expected to persist for years to come."

Victoria's real estate market remained the country's leader in the fourth quarter of 2005, the survey said. Condominiums in the city continued to enjoy the highest-price appreciation with the average price increasing 30 per cent, year-over-year, to \$221,000.

Nationally, housing prices remained strong in the fourth quarter of 2005 and should rise about six per cent this year on average, Royal LePage said. But the number of homes sold will likely drop, bringing the market into balance and giving buyers more clout in the market, says Phil Soper, CEO of Royal LePage Real Estate Services.

"We've been climbing this

mountain. We reached the top in 2005 and now we're on a very high plateau," said Soper.

According to Thursday's report, the average price of a two-storey home in Canada rose seven per cent, year-over-year, to \$327,269 in the fourth quarter of 2005.

Increases ranged from 21.2 per cent in Victoria (to \$325,000), to 15.5 per cent in Calgary (\$245,089), 13.2 per cent in Winnipeg, 11.6 per cent in Vancouver (\$630,750), 10.2 per cent in Halifax (180,500), four per cent in Toronto (\$443,737) and 2.6 per cent in Montreal (\$301,181).

A sound and growing economy in Central and Atlantic Canada is fuelling moderate price increases, while demand for houses in the energy-rich West caused prices to surge, Soper said.

Soper says buying activity peaked in 2005, pushing the market into the next stage of the housing cycle this year, as the number of homes sold is expected to fall by three per cent.

With Canadian Press

## B.C.'s tax policies hurt urban residents, renters



DON CAYO  
VANCOUVER SUN  
COLUMNIST

**W**hen the B.C. Liberals took office, they inherited two perverse property tax provisions that just aren't fair. One cheats urban residents, especially those from the Lower Mainland. The other sticks it to both a relative handful of very rich homeowners and to an awful lot of renters, regardless of their income.

So what have the rocket scientists in the finance ministry

decided to do about this?

Not once, not twice, but three times they've implemented measures that cost the provincial treasury millions of dollars, yet just made the disparity worse.

This week, Finance Minister Carole Taylor followed in the footsteps of Colin Hansen and Gary Collins by announcing yet another big boost to the threshold at which the province's homeowner grant for property-tax relief kicks in.

How does property tax policy manage to cheat so many British Columbians, especially with this grant, which will now go to about 27,000 people who would otherwise not get it? And how do the B.C. Liberals — and a four-decade-long string of governments of various stripes — get away with such unfairness?

Let's look at the last question first. This is one of those very common government policies

that richly and overtly rewards vocal beneficiaries while much more subtly putting the screws to the often clueless — or at least voiceless — victims.

The underlying unfairness has two components — as does the provincial role in determining how much property tax you pay.

The first component, and its consequent unfairness, is well-known and easy to understand — despite the howls that this statement will no doubt draw from self-absorbed homeowners determined to protect their entitlement to a subsidy paid by people who can't afford a house. The popular but perverse homeowner grant gives 95 per cent of homeowners — those with all but the most expensive addresses — a slice of the tax money paid by every British Columbian, including the legions who'd like to buy a home, but can't.

So hundreds of thousands of us — myself included — get to watch our property asset values soar into the stratosphere. And hundreds of thousands of our neighbours who rent see the prospect of ever being able to buy grow more and more remote.

The second flawed property tax policy, and its subsequent unfairness, is one I'd never thought of until a master's thesis from SFU public policy student James Steidle landed on my desk. It has to do with the provincial component of property tax, which is commonly — and wrongly — known as school tax.

Steidle points out that this tax has nothing whatever to do with funding schools; it all goes into the general revenue fund.

But, because it's based on property value, it extracts a lot more money from some of us than from the rest, depending on

where we live. Those in high-value neighbourhoods — like virtually all of us in the Lower Mainland, although some neighbourhoods higher than others — get to pay a lot more than their fair share. For example, Steidle calculates that people in the GVRD, who make up about half the province's population, pay more than two-thirds of this tax. My fellow Vancouverites alone have to cough up nearly a quarter, although we're only 14 per cent of the provincial population.

What's to be done?

If Taylor wanted to be fair, not to simply create a pleasant photo-op with a move that doesn't stand up to analysis, she most certainly wouldn't be beefing up the homeowner grants to the tune of \$5 million a year — the same amount that Collins and Hansen added to the pot before her. Indeed, she'd be phasing it out, and the "school tax" as well.

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