

IN BRIEF

From Herald News Services

Building permits fall for first half of 2008

CONSTRUCTION • The value of building permit applications at the midway point of this year is down from a year ago, dropping from \$3.2 billion to \$2.5 billion, according to figures released by the City of Calgary on Friday.

The city says construction of single-family homes has slowed over the first two quarters of 2008 compared with previous years. The total number of building permit applications for single-family homes for the first half of 2008 is 1,862 compared with 3,287 for the same period last year, a 43 per cent reduction. Including multi-family dwellings, the total number of new residential units is down 32 per cent from last year with 5,016 for 2008 compared with 7,352 for 2007.

Year-to-date ending June 30, the commercial improvements sector is showing construction values 43 per cent higher than the same period last year — \$410 million in 2008 compared with \$287 million in 2007.

— Mario Toneguzzi, Calgary Herald

Fortis fires CEO after takeover sour

MANAGEMENT • Fortis, Belgium's biggest financial-services firm, ousted chief executive Jean-Paul Votron after the \$38-billion US purchase of ABN Amro Holding NV depleted capital and forced him to cancel a dividend.



Jean-Paul Votron

Herman Verwilt will replace him, Fortis said Friday in a statement. Votron, 57, joins CEOs at Zurich-based UBS AG and New York-based Citigroup Inc. and Merrill Lynch & Co. who also lost their jobs.

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Anheuser-Busch in talks with InBev

TAKEOVERS • Anheuser-Busch Cos., the biggest U.S. beer-maker, has begun talks with InBev NV after the Belgian brewer sweetened its takeover offer by 7.7 per cent to \$70 US a share, ending Anheuser's month-long fight to remain independent, a person with knowledge of the situation said.

Discussions over the \$49.9-billion US bid may still fall through, said the person.

Both companies rose in trading Friday on optimism that InBev would gain control of the 132-year-old Budweiser brand and become the world's largest brewer by sales volume.

Record oil hits stocks of Air Canada parent

AIRLINES • ACE Aviation Holdings Inc., the parent company of Air Canada, fell the most ever in Toronto, as crude-oil prices rose to a record, pushing up the price of jet fuel, many airlines' biggest single cost.

ACE B shares slid nearly 13 per cent to \$12.24 on the Toronto Stock Exchange, their steepest drop in the more than 3½ years they have traded.

Oil rose to an all-time high of \$147.27 US a barrel in New York Friday and has more than doubled in a year.

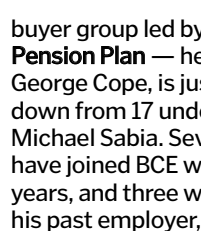
Shares of Air Canada dropped 15 per cent to \$5.01.

BCE shuffles executive ranks

TELECOMMUNICATIONS • The soon-to-be privatized BCE Inc. announced Friday a new executive team that is comprised entirely of incumbent executives — except for executive vice-president David Wells, who is returning to Bell, where he worked for the first 25 years of his career.

But the team — which has the blessing of the buyer group led by Ontario Teachers' Pension Plan — headed by new CEO George Cope, is just 12 people strong, down from 17 under predecessor Michael Sabia. Seven of those people have joined BCE within the past three years, and three worked with Cope at his past employer, rival Telus Corp.

"Bell didn't go into free agency and bring in some sort of outside star," said a source. "These are people who know Bell."



George Cope



Chris Wattie, Reuters

Softening markets in Alberta and British Columbia made for the slowest pace of new home price growth in the country in nearly six years. Prices rose 4.1 per cent nationally between May 2007 and May 2008.

New house prices flat in cool Calgary market

Year-over-year gain for city a meagre 0.6%

MARIO TONEGUZZI
CALGARY HERALD

New housing prices increased at their slowest pace in nearly six years in May, continuing a deceleration that started in September 2006, due mainly to the softening market in Alberta and British Columbia, says Statistics Canada.

In releasing its new housing price index on Friday, the federal agency said contractors' selling prices across the country rose 4.1 per cent between May 2007 and May 2008, a slower pace than the year-over-year increase of 5.2 per cent in April.

This was the slowest rate of growth since July 2002, when year-over-year prices increased four per cent.

On a monthly basis, prices were unchanged between April and May.

In Calgary, the year-over-year increase was 0.6 per cent but prices declined 0.9 per cent from April to May.

The annual growth rate for the Calgary census metropolitan area was the lowest since 1996, said Lai Sing Louie, senior market analyst for Canada

House price changes

	May '07 to May '08	April to May
Canada total	+4.1	0.0
Calgary	+0.6	-0.9
Edmonton	+3.3	-1.9
St. John's, N.L.	+18.8	+3.6
Halifax	+6.7	+0.4
Charlottetown	+1.4	0.0
Quebec	+5.1	+0.3
Montreal	+5.7	+1.8
Ottawa-Gatineau	+3.5	+0.5
Toronto and Oshawa	+4.1	-0.1
Winnipeg	+16.1	+1.8
Regina	+30.4	+1.3
Saskatoon	+30.2	+0.5
Vancouver	+2.7	-0.3
Victoria	0.0	-0.6

SOURCE: STATISTICS CANADA

Mortgage and Housing Corp.

He said the land-only component of new house prices rose by 7.2 per cent in the past year while the house-only component decreased by 2.4 per cent in the Calgary area.

On a yearly basis, homebuyers in Saskatchewan continued to experience the largest increases. In Regina, the year-over-year price increase was 30.4 per cent, down from the record high of 34 per cent in April.

Increases in Saskatoon slowed to a 13-

month low of 30.2 per cent in May. This was the third consecutive slowdown for Saskatoon after a record increase of 58.3 per cent in February this year.

On a yearly basis, Winnipeg was the only city west of Ontario where the increase in new house prices picked up speed in May.

"Further west, new housing prices in both Edmonton and Calgary declined between April and May. However, on a year-over-year basis, prices in Edmonton were still up 3.3 per cent over May 2007. In Calgary, the 12-month change was only 0.6 per cent, far slower than its record gain of 60.6 per cent in August 2006," said the federal agency.

Earlier this week, the CMHC reported June single-family starts in the Calgary area were the lowest monthly total for June since 1995.

While Alberta's population is growing, much of it is temporary workers who are less likely to be in the market for a home, said Todd Hirsch, senior economist with ATB Financial.

"Typically when housing starts decline, it is a clear sign of a cooling economy," said Hirsch. "Part of that is true: economic activity in Alberta has actively moderated from where it was a year or so ago."

"But overall, conditions remain fairly healthy."

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Canwest shares jump after revenue tops forecasts

GRANT SURRIDGE
CANWEST NEWS SERVICE
TORONTO

Shares in Winnipeg-based Canwest Global Communications Corp. posted their biggest one-day rise in five years Friday after the company reported better-than-expected revenue and operating-profit growth.

"The businesses are doing really well," said Canwest chief executive Leonard Asper. "They're outperforming and they're beating everybody."

Shares rose as high as 19 per cent in morning trading, before closing up 11 per cent to \$2.25 on the Toronto Stock Exchange.

Canada's largest media company reported revenue of \$852 million for the quarter ended May 31, compared with \$738 million in the period a year ago. Analysts had predicted revenue of \$844 million.

Operating profit rose to \$177 million, versus \$121 million in the year earlier period.

"These solid results demonstrate that we continue to experience growth, even in the face of a softening market," said Asper. "Given the diversity and strength of our properties, we believe that Canwest's stock is undervalued."

Canwest reported a net loss of \$28 million, or 16 cents a share, compared with a profit of \$8 million, or three cents per share, a year ago.

Weighing on the bottom line were increased interest expenses and \$26 million in long-term liabilities partly related to last year's \$2.3-billion purchase

of Alliance Atlantis Communications Inc.

A \$22-million writedown on the company's holdings in Score Media Inc. also affected the bottom line.

That investment was put on the company's books last August as part of the Alliance deal, when takeover speculation had sent Score's stock soaring, Asper said. But the channel was never sold and the stock price has since fallen.

Revenue was flat in the company's publishing and Canadian television segments, although reductions in expenses pushed up operating profit in each by 10 per cent and 25 per cent, respectively.

Canwest's television business includes the Global and E! Canada net-

works, as well as a host of specialty channels including Showcase and the HGTV. The company publishes the Calgary Herald, regional newspapers across the country as well as the National Post.

The company said operating profit at its Australian television property Ten Network rose 21 per cent to \$35 million.

Canwest said it would pursue a sale of its U.K. radio stations, classifying the assets as non-core.

RBC Capital Markets analyst Drew McReynolds said in a note to clients that while the radio stations have a value of around \$25 million, "every bit counts when it comes to the company's balance sheet and liquidity headwinds."

McReynolds, who has a hold rating

on the stock, said that overall the results were positive for the company.

On an adjusted basis, the company reported net income of \$13 million, or seven cents a share, ahead of the six cents a share analysts expected.

Asper reiterated his view that the market is not properly valuing the company's stock. Canwest shares have fallen 70 per cent since the company decided last year not to sell its controlling stake in Ten. On Friday, he said reports on the value of offers the company received were incorrect.

"There was no such offer for \$1.5 billion," he said.

However, he said the company is taking a wait-and-see approach and is not "beyond further asset sales."

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