

Treasury rescue plan shy on detail

REUTERS
WASHINGTON

U.S. Treasury chief Timothy Geithner on Tuesday unveiled a new bank rescue plan that would put \$2 trillion to work mopping up bad assets and restoring credit, but stock markets plunged on fears it would not work.

Global markets had intensely awaited Geithner's ideas for a plan mixing private and public funding to stabilize a financial system tottering under the weight of bad mortgages, but were disappointed over the scant detail he provided.

The Dow Jones industrial average closed down more than 380 points or 4.6 per cent in its biggest one-day percentage drop since Dec. 1, while prices for U.S. government bonds climbed as investors sought safety.

The KBW index of bank stocks fell almost 14 per cent.

Geithner said lack of public confidence in prior rescue efforts had made it all the more difficult to stop "a dangerous dynamic" in which a lack of credit undercuts the economy and leads to more weakness among banks, worsening the recession.

"This is very complicated to get it right," he said in an interview on Bloomberg Television. "We are going to try to get it right before we give the details so that we don't add further to uncertainty in these markets."

In a speech, on television and in Capitol Hill testimony, Geithner made his case for how the Obama administration plans to handle the roughly \$350 billion left in a \$700-billion financial bailout fund approved by Congress in October.

He studiously avoided saying whether the administration might have to ask Congress for more money to fix the banks, restore credit and counter recession, but did not rule it out.

"We're going to consult with the Congress carefully to try to make sure the world understands that the resources necessary to solve this will be available over time," Geithner told CNBC, adding: "The important thing is that ... we send a basic signal, working with the Congress, that we will do what's necessary to fix this."

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Power producers laud benefits of open markets

DINA O'MEARA
CALGARY HERALD

Alberta's independent power producers want consumers to recognize the success of the province's free market, one of the few deregulated markets in North America and the only fully deregulated one in Canada.

The province's open electricity market has enabled the province to keep pace with rising energy demands by providing opportunities to investors and consumers alike, industry representatives said Tuesday.

"We kept the lights on in the fastest-growing market in North America, we brought in competition, we brought in prices that are below replacement costs in the wholesale market at times," said Evan Bahry, executive director of the Independent Power Producers Society of Alberta.

Albertans felt the pain of skyrocketing power prices when Ralph Klein's government pushed through retail deregulation in 2000 after years of open wholesale markets. Residential and commercial consumers, which represent about a third of Alberta's power load, got some relief by choosing to stay on the province's regulated rate option. Consumers also benefited from a rebate program.

But the scars have taken a long time to heal and the as-



Condo developers are being urged to price their product attractively to target younger buyers and empty nesters. Dean Bicknell, Calgary Herald

Vacant condos create unease in Calgary market

'Very few' projects have been cancelled

MARIO TONEGUZZI
CALGARY HERALD

A national housing report says new unsold condominiums are becoming a concern in the Calgary market.

The Altus Group Housing Report said most of the unsold units in Calgary are already completed or under construction and the expected decline in new condo apartment sales this year could lead to a "sizeable" increase in the number of completed and vacant units.

"Many buildings in Calgary began construction with less than 50 per cent of the units pre-sold," said the Altus Group Economic Consulting report.

There are indicators of a "much more serious problem for Calgary," said the Altus Group. Those indicators include a high level of condominium starts in 2008 (5,335 units) and a high level of condos under construction. The pace of condo starts has also declined "dramatically" since the end of July, but "very few projects in Calgary have been formally cancelled so far."

The biggest cancellation was the two-tower downtown project known as Gateway Midtown.

"Excessive investor activity has also been a concern in Calgary," said the Altus Group report. "While the percentage of condominium apartment units offered for rent declined in Calgary between 2007 and 2008, the vacancy rate rose significantly from 0.7 per cent to 3.5 per cent."

The report said there is "clearly a large oversupply of product" in Calgary and "more project cancellations would help move the market back into balance more quickly."

One of the reasons overbuilding tends to happen in a number of markets is due to the difference in construction times between single-family homes and condos, said Robert Feldgaier, senior director with Altus Group.

"With ground-related housing, it's a lot easier to adjust construction to changing market conditions, whereas with the lead time for apartment construction and the actual time to build a building, depending on the market, there's a significantly longer lag in adjusting to the market conditions," said Feldgaier.

In Calgary, most of the projects that have been on the market have proceeded to construction even if they haven't achieved even half of the units being sold, he said, adding "there's not likely to be

too many new projects starting this year."

The lower level of multi-family starts in Calgary has been a trend since the middle part of last year, said Lai Sing Louie, senior market analyst in Calgary for Canada Mortgage and Housing Corp. The number of condos under construction hit a peak and record of 43,746 units in Calgary in May 2008, he said. Last month, that number had dropped to 7,351 units.

Louie said the percentage of condos absorbed, or moved into, at completion in January was 82.5 per cent. In September, the percentage was 100 per cent.

Also, in the resale market the CMHC tracks new and vacant listings. In January, 8.1 per cent of condos on the resale market were new and vacant. In November, it

was 9.5 per cent, said Louie.

He said there were only nine condominium starts in January and for the City of Calgary there were zero apartment building permit applications for the month. The Altus Group report said that with mortgage rates already near historic lows, unlike the last recession, "developers need to ensure that their product is priced appropriately since affordability will be key to attracting buyers."

"Developers should look for opportunities to target younger owner-occupant buyers seeking attractively priced product as well as empty nesters in neighbourhoods where there may still be relatively few projects from which to choose," said the report.

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IN BRIEF

FROM HERALD NEWS SERVICES
Flyers' rights bill hits Commons

TRAVEL • New Democratic MP Jim Maloway introduced his airline passengers' bill of rights Tuesday, under which air carriers would be required to compensate passengers for a host of common travel annoyances.

The Winnipeg MP said the first reading of his private member's bill kick-started a process that in a couple of months could see the proposal clear the House of Commons and make its way to the Senate. "And hopefully I'll find a friendly senator to help me out with that," Maloway said, noting it was a Conservative MP who essentially wrote the baggage provision for him.

Under the bill, airlines would be penalized for irritants like double-booking seats, long delays on the tarmac, lost luggage, and for failing to inform passengers quickly of flight cancellations or delays.

— Gina Teel, Calgary Herald

Spending to rise for Valentine's

RETAIL • A national survey of spending plans for Valentine's Day indicates 68 per cent of Albertans plan to spend more this year on gifts. On a national level, the survey by MasterCard said 80 per cent of Canadians say they expect to spend the same (68 per cent) or more (12 per cent) than last year and 18 per cent plan to spend less. The survey also said 71 per cent of Albertans say they are buying gifts for their children.

— Mario Toneguzzi, Calgary Herald

Molson Coors profit disappoints

BEER • Molson Coors Brewing Co. reported a smaller-than-expected quarterly profit Tuesday due to slowing beer sales, higher commodity costs and currency fluctuations.

The maker of Coors Light and Molson Canadian beer said fourth-quarter income from continuing operations tumbled 49 per cent to \$90.7 million US, or 49 cents per share, from \$176.2 million, or 96 cents per share, a year earlier.



Charles W. Berard
May 12, 1954 - February 6, 2009

A Tribute to Charles W. Berard Vermilion Energy Trust's Corporate Secretary and Longtime Friend

Not only have we lost one of the most practical and bright legal minds in Calgary, but more importantly, we have lost a very special person and friend.

For over 15 years, Charlie has guided and supported Vermilion through both good and difficult times and has been instrumental in our success.

For those who knew and worked with Charlie, they know that he was a soft spoken gentleman who was respectful to everyone he worked with and who always had kind words to offer.

We will remember his quick wit and strong sense of humour, and his willingness to help, whether it was on a business assignment or on a personal level.

In the journey of life, we occasionally come across people who are very special, who are "givers" who do what they can to help others and make the world a better place.

We will greatly miss Charlie and remember his bright mind, selflessness, kindness, sense of humour and will greatly miss his friendship.

On behalf of the Board of Directors and employees of Vermilion Energy Trust, our hearts and words of support go out to Charlie's family and friends.

VERMILION
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ANNOUNCEMENT ATCO Power



Ron Parent

Rick Brouwer, President, ATCO Power, is pleased to announce the appointment of Ron Parent as Vice President, Human Resources, ATCO Power.

Mr. Parent joined ATCO Group in 2007 in a corporate human resources role prior to his transfer to ATCO Power. He brings a wealth of knowledge and experience in both domestic and international environments, and previously held senior leadership roles in the oil and gas sector. Mr. Parent holds a Bachelor of Commerce and Master of Science degree in Human Resources Management.

Mr. Parent will be responsible for all aspects of Human Resources in ATCO Power, focusing on leadership development, succession planning, workforce planning and the implementation of an enterprise-wide human resources information system.

ATCO Power develops, builds, owns and operates technologically advanced and environmentally progressive independent power generation plants in Canada, the United Kingdom and Australia.

ATCO Power is part of ATCO Group, an Alberta-based worldwide organization of companies actively engaged in Power Generation, Utilities and Global Enterprises.