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Fine Bottom Line: Canada Won't See Red

The cost of staging the Calgary Winter Olympics is put at \$868 million, of which only 5 per cent is likely to be recouped by ticket sales. Does this mean that the event is heading for the biggest loss in sporting history? Not according to the Games organizers who are confident that they can more than break even.

The 1984 Los Angeles Olympic Games were perhaps a financial watershed, in that for the first time the host city did not have to pick up a tab. The lessons of 1984 have been noted and acted on in Calgary, and now much of the expenditure will be met from sponsorship, licensing and TV rights sales.

Sponsorship and Rights: One Part of the Equation

One of the organizers' biggest coups was the sale of U.S. television rights to the ABC network for \$347 million (Cdn). More income will be derived from deals with other broadcasting organizations throughout the world, with whom negotiations are now under way.

One idea taken from the Los Angeles Olympics is to vest marketing rights in a single body which then sells a limited number of high-quality promotion vehicles. This strategy has already led to the signing up of Coca Cola and Canadian Kodak Ltd., and more deals are in the offing. Olympic Games licensing manager David Shanks reckons that total revenue from sponsors, suppliers and licensees will be around \$65 million.

Altogether, the grand total expected from sponsorship, television and ticket sales is in excess of \$542 million.

Public Sector Completes the Equation

Another \$217 million will come from the Government of Canada — financed in part by proceeds from national lotteries and the sale of Olympic coins and stamps. Apart from investment in facilities and provision of a full range of services, the Canadian government has established a \$33 million Olympic Endowment Fund and set aside up to \$48 million in operational funding.

The Government of Alberta has invested \$130 million in the facilities for the games. It is financing the alpine skiing site at Nakiska, the Canmore Nordic Centre and a third of the cost of the \$110-million Olympic Saddledome.

Calgary's contribution will be the provision of public services (particularly transport and security), emergency medical services, as well as snow and ice control. Besides this, the city is providing part of the funding for the Saddledome, the Calgary Centre for the Performing Arts, the Olympic Plaza and the Father David Bauer Arena.

The 90-m jump at Canada Olympic Park, built with Canadian government funds.

