

INSIDE: A sneak peek at the greatest auto show on Earth, E3 ■ Working, E12

BUSINESS

Editor: Robert Bortolucci, 613-726-5819 • business@ottawacitizen.com

SATURDAY, JANUARY 12, 2008

THE OTTAWA CITIZEN

SECTION E

Ottawa lost 2,700 jobs last month

First hiring decline in a year, but regional unemployment still down slightly: StatsCan

BY BERT HILL

The Ottawa workforce lost 2,700 jobs in December for the first monthly decline in almost a year, Statistics Canada reported. But strong job growth in Gatineau and more people dropping out of the search for

work sent the unemployment rate in the national capital region down 0.2 percentage points to a record low of 4.5 per cent.

The decline in jobs after a year of vigorous growth of 85,000 jobs could be a sign that the rising Canadian dollar —

which has triggered some technology sector layoffs — as well as rising energy costs and a U.S. economic slowdown are starting to bite.

Declines in housing starts and sales of resale homes in December are also raising concerns. Job losses in Ottawa were

largely offset by strong job gains of 2,400 in Gatineau. The unemployment rate on the Quebec side of the national capital fell to 4.4 per cent, down 0.6 per cent in one month, and below the Ontario side rate of 4.5 per cent — an unusual occurrence.

The Ontario side traditionally has an unemployment rate up to a full percentage point lower. Despite the decline in jobs, only 31,300 people said they were unemployed in December, down 1,600 from November. The change could reflect people retiring or returning to school or other non-work activity as well as taking a break from job-hunting.

It is the lowest number of unemployed since February 2000, when the job market had 85,000 fewer jobs than today.

See JOBS on PAGE E4

Pricey oil drives boost in trade surplus

Canadian exports rise 3.1%, first gain in four months

BY GREG QUINN

Canada's trade surplus unexpectedly widened for a second month in November, as high oil prices led exports to outpace imports.

The surplus widened to \$3.7 billion from a revised \$3.1 billion in October, Statistics Canada said yesterday. Economists predicted the surplus would be little changed from the agency's initial estimate of about \$3.3 billion for October.

Exports rose 3.1 per cent, the first gain in four months, and imports rose 1.7 per cent. Yesterday's figures may limit how much the Bank of Canada cuts interest rates this year to counter the high dollar's drag on factory sales abroad and weak U.S. demand. The central bank will probably ease on Jan. 22 and again in the second quarter, according to economists surveyed by Bloomberg News. Some economists have predicted as many as five rate cuts this year.

It's a healthy report that contrasts with some of the gloom cast by the December jobs numbers. CIBC World Markets economist Avery Sheffield wrote yesterday in a note to clients.

The Canadian dollar closed at 90.97 U.S. cents, down from 90.27 U.S. cents, at Thursday's close.

For the week, the Canadian dollar ended down 1.8 per cent. After three straight months of no-hat growth, the Canadian economy unexpectedly shed 18,700 jobs in December. The median forecast in a Reuters poll was for 15,000 jobs to be created.

The job losses came as the softening U.S. economy, along with the strong Canadian currency, battered manufacturers.

Finance Minister Jim Flaherty said yesterday that the factors leading to the job losses were still in place and further losses in the forestry and manufacturing sectors should be expected.

See TRADE on PAGE E4

BLACK AND WHITE AND HEARD ALL OVER



From left, brothers John, Robert, Glenn McCue and Gregory Shostakovskiy have created software called Audio Pod, which allows audio books to be enjoyed more easily through laptops, phones and other devices.

Entrepreneurs tap into growing audio book market

Electronic bookmark among Ottawa company's innovations

BY JEFF BUCKSTEIN

Ten years ago John McCue began looking for a way to help his mother, Monica, continue her lifelong love affair with literature in spite of her failing eyesight.

Now Mr. McCue's Ottawa firm is ready to market innovative technology that allows users to easily listen to audio books and other spoken word streams on their laptop computers, portable PDAs, or any device that can play an MP3 file.

And as a bonus, the software program offers an electronic bookmark system that lets users stop listening and then return to the book exactly where they left off — even on a different device.

That adaptability and ease of use are key signatures of the patent-pending technology offered by Audio Pod Inc., which Mr. McCue, its senior software architect, co-founded with Gregory Shostakovskiy in 2000.

Robert McCue and Glenn McCue, John's brothers, are also software architects with the firm.

See AUDIO on PAGE E4

Quebecor set to get help from Brookfield

Asset manager poised to pump millions into struggling printer

BY SEAN SILCOFF AND BARBARA SPECTER

Pierre Karl Peladeau has reached out to mighty Brookfield Asset Management to help his Quebecor World Inc. printing company stave off financial collapse.

Sources close to the situation say that Quebecor Inc., the company controlled by Mr. Peladeau's family, has brought in Brookfield-managed unit Tri-cap Partners, to inject — along with Quebecor Inc. — a combined \$400 million into Quebecor World, its publicly traded subsidiary.

The investment would be in the form of debt financing with warrants attached that would permit the investment to be transformed into equity in the company. A press release is expected to confirm some or all of the details.

The conditional financing would massively dilute existing shareholders other than Quebecor Inc. It would also pit Mr. Peladeau in what one source portrayed as a high-level game of chess against Quebecor World's banking syndicate, which has imposed a Jan. 15 deadline on Quebecor World to come up with \$12 million in new unsecured financing.

The world's second largest commercial printer has until the end of this month to put in place other refinancing measures, in order to placate its banks.

See QUEBECOR on PAGE E4

INSIDE: A horse is not just a horse, of course

Sharp-eyed investors snap up promising yearlings to breed and sell for the race circuit.



MARKETS

MARKETS, STOCKS, CLOSING, E3-F

S&P 500	11,632.87	-18.86
Dow Jones	9,062.13	-24.79
NASDAQ	2,491.82	-19.51
TSX 30	4,439.84	-18.86
TSX 60	2,787.78	-19.58
Heading Canada	973.50	-13.88
Heading U.S.	14,118.79	-272.12
London	5,282.30	-26.75
Hong Kong	26,847.51	-293.85
Bombardier (TSX)	99.13	-4.98
Bank of Montreal (TSX)	6.6642	-0.0048
Oil (WTI, Houston)	92.80	-1.42
Gold (U.S. \$)	886.40	-2.10
Silver (U.S. \$)	18.225	-0.90

TSX: Down for second week on concerns about possible economic slowdown in U.S.

The City of Ottawa's wrongheaded ways to boost revenue



MARK SUTCLIFFE

The City of Ottawa is starved for cash, so perhaps it shouldn't be surprising that it's ready to beg, borrow and steal from any potential source of money to feed its empty belly. But the result is an epidemic of short-term thinking that could be very damaging to businesses in the

downtown core. First the city decided to solve some of its financial problems by dramatically expanding its revenues from parking. To pick up an additional \$1 million a year, the city plans to eliminate free parking from downtown streets on weeknights and weekends.

Naturally, the city did it with very little consultation of merchants and business leaders. For downtown stores and restaurants, which already fight an uphill battle against suburban big-box power malls, this is a big setback. Customers used to park for free on evenings and weekends on El-

gin Street, for example. Now they will now not only have to pump quarters into the meter, they may be limited to parking for only one hour. Try having a nice dinner and a bottle of wine and a wander along the neighbourhood shops in 60 minutes or less.

Some business improvement associations are lobbying the city to reverse the decision, but for council to give back a new source of cash is about as likely as Britney Spears getting a Mother's Day card. Council's myopia is now

being extended to the plan for a new Ottawa Congress Centre. In a rare moment of forward thinking, councillors voted just weeks ago to invest \$40 million in a new convention centre that will boost tourism and yield new property taxes in the form of hotels and other businesses that will grow around the facility.

Part of the plan that was approved was to have businesses that would benefit from the new convention centre contribute as much as \$1.5 million per year to the operating costs of the facility.

See SUTCLIFFE on PAGE E5

