



BLACKBERRY BEING SQUEEZED

The BlackBerry's encryption feature is sparking concerns within several countries that owners' messaging cannot be monitored. **Page C7**

BUSINESS

SECTION C | THE GAZETTE | MONTREAL | SATURDAY, AUGUST 7, 2010

EDITOR: BRYAN DEMCHINSKY | 514 987 2512 | bdemchin@thegazette.canwest.com

C7 Weather
C8 Obituaries

TSX ▲
11,799.97 25.2

DOW ▼
10,653.56 21.42

NASDAQ ▼
2,288.47 4.59

DOLLAR ▼
97.29¢ 1.08¢

OIL ▼
\$80.70 \$1.31

GOLD ▲
\$1,205.30 \$6

PRIME
2.75% JULY 20

Canada loses 9,300 jobs

Unemployment rate ticks up to 8%

JEFFREY HODGSON
REUTERS

OTTAWA — Canada's economy unexpectedly lost jobs in July in the first such decline this year, suggesting its once robust recovery is cooling and the pace of future interest rate hikes may slow.

The 9,300 job losses brought Canada more in line with the United States, where figures issued yesterday showed U.S. employment fell for a second straight month in July, leaving the unemployment rate there stuck at 9.5 per cent.

Statistics Canada said yesterday that a loss of 139,000 full-time employment positions was not quite offset by a 129,700 jump in part-time jobs. The unemployment rate rose to eight per cent from 7.9 per cent.

Analysts in a Reuters poll had forecast an increase of 15,000 jobs and a 7.9-per-cent unemployment rate.

It was the first time the economy lost jobs since December and followed a strong gain of 93,200 jobs in June. Jobs growth also beat expectations in May and April.

In Quebec, the employment numbers dropped significantly for the first time in 12 months. There was a decline of 21,000 jobs in July, bumping the provincial unemployment rate 0.4 percentage points to 8.2 per cent. Since July 2009, employment has risen by 96,000 jobs, or 2.5 per cent, in the province, slightly above the national average of 2.3 per cent.

"I view July as a bit of a payback," said Paul Ferley, assistant chief economist at Royal Bank of Canada.

"Domestic conditions remain strong enough that the Bank of Canada will continue to tighten but the pace will be a fairly gradual one."

Canada's dollar weakened on the data to 97.29 cents U.S. cents, as the U.S. report also cast doubt on the strength of the North American recovery.

The numbers suggested the Bank of Canada may now be less inclined to raise interest rates in coming months.



FRANCIS VACHON THE GAZETTE

Jean-Yves Tremblay and his children (from left to right) Philippe, Simon, Jean-François and Marie-Josée at the Centre Sportif Marcel Bédard in Quebec City in July. The family members are partners in what is considered the best hockey school in Quebec City.

ALL IN THE FAMILY

MARK CARDWELL
SPECIAL TO THE GAZETTE

A passion
for **hockey** is
in their blood

If hockey were a drug, Jean-Yves Tremblay says, he would have overdosed on the sport long ago.

"I'm a hockey maniac," said the 60-year-old resident of Beauport, a suburb of the provincial capital.

"I always have been."

That passion began when he was a kid playing on frozen ponds in nearby Charlevoix, where he was born and raised.

Despite burning desire and enough natural talent as a centre to play Junior B — a calibre equivalent to Junior AAA today — he failed to impress his late father.

"He always discouraged me from playing," Tremblay recalled. "He said hockey was dangerous and a waste of time, that school was the only thing that mattered."

Now the owner of what many consider to be the best summer hockey school in the provincial capital region, Tremblay says he is happy to be giving kids who love the game the encouragement he never got.

An added bonus is that he is doing it with the help of four young business partners — his children, including three sons who played major-junior, university and minor-league professional hockey in Europe, the United States and Canada.

"I'm a lucky man," Tremblay said.

Stimulus money may not get out the door

BUDGET WATCHDOG'S ANALYSIS

Cash must be spent by end of March

MIKE DESOUZA
POSTMEDIA NEWS

OTTAWA — Hundreds of millions of federal infrastructure dollars might not get out the door before the Harper government's program deadline on its economic stimulus plan for the projects next spring, says a new analysis by Parliament's budget watchdog.

Kevin Page, the parliamentary budget officer, said the assessment, to be released on Monday, is based on recent figures from Infrastructure Canada regarding the multi-billion-dollar government programs in its stimulus package for the economy.

"We will throw some flags in the air — to use a soccer

metaphor — about the way things are at with spending and the programs," Page told Postmedia News. "In this particular program — the infrastructure stimulus program — it looks like we'll have a significant lapse."

Page said the report would list three possible outcomes of the infrastructure-stimulus program, ranging from the best-case to the worst-case scenario.

The government has set aside \$4 billion in its infrastructure-stimulus fund to kick-start construction-ready projects on the condition that the money be used before March 31, 2011.

Projects that require money after that deadline or that begin after that deadline

would no longer have access to the fund.

While the best-case scenario in the report would result in all of the money being spent, the other two scenarios would estimate a percentage of funding that might not get out the door.

Page explained that middle-case scenario in most government programs would usually result in five to eight per cent of funding that is left on the table and is not getting out the door.

Five to eight per cent of the federal infrastructure stimulus investments would add up to about \$200 million to \$320 million of the total funding.

While he didn't confirm the exact numbers in his report, or an example of what could be a worst-case scenario, Page said the analysis provides more context and transparency than is available in other jurisdictions with stimulus plans.

"We felt it's really important that Parliament and Canadians just get a sense as to the nature of projects that are out there and where they stand at getting money out the door," he said.

Page said his office was also working on a more detailed analysis to update the scenarios this fall and provide an estimate for job creation and economic impacts of the stimulus fund. But Page noted that significant amounts of money are being invested this summer totalling about \$1 billion per month for thousands of existing projects.

"It's clear when you look at the data that this is a really busy time," he said.

A recent assessment by Infrastructure Canada concluded that two per cent of projects, or about 80 out of 4,000, were at "high risk" of not meeting the deadline, and were being actively mon-

itored and visited in person by federal officials.

It also estimated that a total of 17 per cent of projects were more than a month behind schedule, while 58 per cent of projects were ahead of schedule.

Overall, the federal department was estimating that about 20 per cent of projects would need right until March 31 to finish construction.

As he announced changes to his cabinet yesterday, Prime Minister Stephen Harper said that newly appointed Transport, Infrastructure and Communities Minister Chuck Strahl had "sound and steady judgment" that would serve him well to "drive progress on thousands of economic stimulus projects" across the country that would provide jobs and lay the foundation for future growth.

But a spokesman for Harper later declined to comment

on Page's coming report.

"We don't comment on reports we haven't seen," Harper press secretary Andrew MacDougall wrote in an email. "We'll react when and if the report is made public."

The Federation of Canadian Municipalities praised the Harper government and the outgoing transport, infrastructure and communities minister, John Baird, for cutting red-tape and eliminating delays in all of the government's infrastructure programs that have provided funding for more than 13,000 projects across the country.

But in a statement, the federation's president, Hans Cunningham, said that continued partnership among all governments would be essential for the country "to protect infrastructure and transportation networks that are the backbone of our economy."

HOCKEY 'We're not stepping on each other's toes'

CONTINUED FROM C1

"I'm running a business that I enjoy — and I get to do it with my kids."

Now in its 20th season, the École de Hockey Les Remparts runs from early July until mid-August in the Marcel Bédard arena in Beaufort.

About 600 boys and girls, ages 6 to 18 — many of them elite players who are preparing to attend double- and triple-letter team camps in August — take to the ice during those six weeks.

Divided into groups according to age and skill levels, they are coached by up to 30 on-ice instructors, many of them former and current minor-league pros and players in the Quebec Major Junior Hockey League.

Among the latter this summer is Hubert Genest, a 20-year-old who played with the Montreal Juniors this year and will play for the McGill Redmen in the coming season.

The school also provides summer jobs for another two dozen assistants. In total, it pays about \$70,000 in salaries.

"Our approach is to offer fun, fast-paced practices that teach the fundamentals of hockey," Philippe Tremblay said. "The fact we get so many high-calibre young players coming back every year and lots of coaches calling to offer their services is proof, I think, that we're doing a good job."

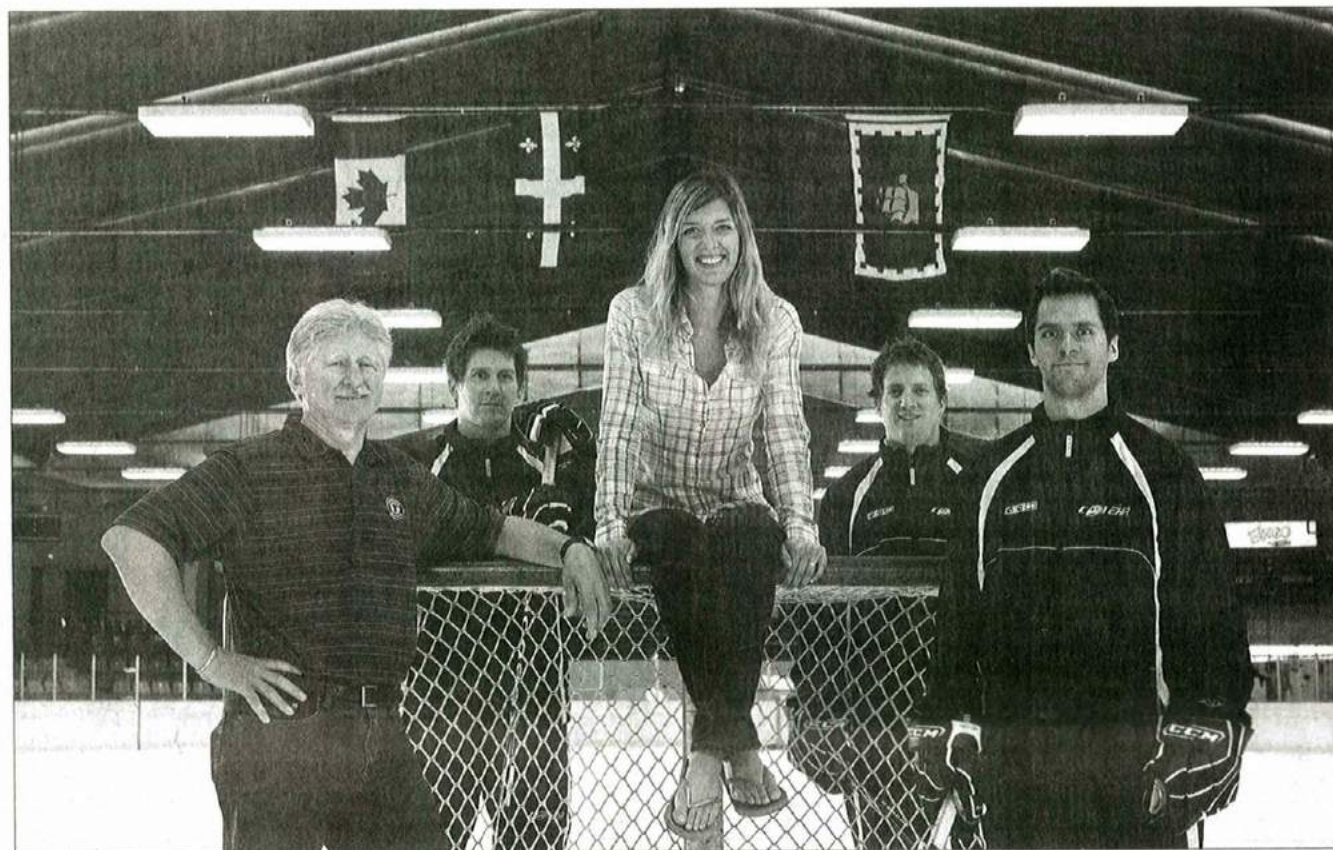
A former skills player with Quebec City's Radio X franchise in the rough-and-tumble Ligue nord-américaine de hockey, the 32-year-old is in charge of the school's on-ice operations, which includes setting up the various programs and hiring the instructors.

The rest of the year, he works on his own running hockey-study programs at four area schools, including English-language St. Patrick's High School.

"A summer school is a lot of work — but it's also lots of fun," said Philippe, who is on the ice most days with his oldest brother, Jean-François, a Hydro-Québec project adviser who is in charge of marketing for the school, which includes making posters and placing them in local arenas.

Philippe's twin brother, Simon, who lives in Montreal and once played for the Habs' short-lived American League farm team in Quebec City, handles the computing side of the business (including the website — www.ecolelesremparts.com) and helps out on the ice when he's in town.

Their sister, Marie-Josée, a professional tap dancer who travels frequently, helps



Jean-Yves Tremblay, accompanied by his children, (left to right) Jean-François, Marie-Josée, Simon and Philippe, is called Jean-Yves by his children at the rink, but they call him papa at home.

her father with the administrative side of the business, which includes fall mailings to prospective students and handling registrations in the spring.

According to Philippe, the school is a good way for him and his siblings to spend some quality time with their dad, whom they all call Jean-Yves at the rink but papa at home.

"Hockey has always been the one thing we've shared," said Philippe, who is married with a 3-year-old daughter — his parents' first grandchild. "It's a great way for us to stay together."

"Jean-Yves's a tough task master," Jean-François quipped within earshot of his jeans-clad father, who was busy gathering and sharpening the skates of coaches after the last class had left the

works because everyone has their own responsibilities.

"A family business isn't always easy," he said. "But the fact that everybody does something different means we're not stepping on each other's toes."

The result is also a quality on-ice product that impresses parents.

"I think this is the best school in Quebec City, especially for advanced players," hockey dad Mario Albert said as he watched his son, Samuel, do puck-handling drills with about 40 other players in preparation for a coming Midget AAA camp.

He added that this is the fourth summer his son has attended the Remparts hockey school.

"There are a lot of really knowledgeable coaches on the ice and they talk a lot with

villages where he helped to maintain diesel generators that supplied homes with electricity — he fed his passion for hockey by playing in adult leagues and volunteering in minor hockey.

"I wasn't a bad player," said Tremblay, who played for Hydro-Québec teams and was once named the MVP of a pan-Canadian tournament for provincial electric utilities — an honour he considers the high point of his playing career. "But my boys were a lot better."

A long-time vice-president of the minor hockey association in Beaufort, he also got involved with the famous Quebec Remparts franchise when it moved to his suburb in the late 1980s and became the Harfangs de Beaufort.

Three managers of the team founded the hockey school he now owns in 1990. Notably, Jean-François has worked there every year since then, the first few years as an assistant, then an instructor (first while playing for the Harfangs and later as a minor-league pro) and finally as a part owner.

Around the same time, Jean-Yves Tremblay became involved with the Harfangs as a pedagogical adviser for players.

"I helped get them enrolled in area schools and made sure they did well during the year," he recalled.

In 1996, he purchased the shares of one of the hockey school's three owners. A few years later, he and another partner, Guy Lamontagne,

bought the third partner's shares.

Tremblay finally became the sole owner in 1999, when Lamontagne got a job as the head coach of a team in the elite Swiss league.

After taking on another equal partner who later left, Tremblay sold those shares to his children in 2004.

"I looked at it as a hobby for when I retired, which I did this year," he said. "Of course, there's money in it. I wouldn't do all this as a volunteer. But I don't count the hours I put into it (and) I haven't enjoyed a summer in 15 years. You have to have a passion for the game to run a business like this."

In addition to the Remparts name — which Tremblay said the team's new owners, including former Habs all-star goalie Patrick Roy, allowed him to use after they purchased the team, renamed it and moved back to the Colisée in the early 2000s — he said the school's reputation for excellence is what sets it apart.

"This is a tough, unregulated business to be in," he said. "There are a lot of fly-by-nighters who try it for a year or two and give up."

Contrary to what his father believed, Tremblay sees hockey as a positive pastime for kids.

"I always said that it's a way of development rather than an end in itself," he said. "It teaches teamwork, discipline, respect."

"We're not selling a sport or a day camp. We're selling a philosophy of life."

JOBS

Recovery
'fragile,'
Harper says

CONTINUED FROM C1

But analysts were quick to point out the report can be volatile and that the central bank prefers to look at the longer-term trend.

"The job numbers today indicate what we have been saying, the global recovery remains fragile ... it's not going to be all smooth sailing," Prime Minister Stephen Harper told reporters in Ottawa.

In June, a robust recovery prompted the Bank of Canada to become the first Group of Seven central bank to raise interest rates since the start of the financial crisis. It hiked rates a second time in July, bringing its key rate to 0.75 per cent. Its next rate announcement is Sept. 8.

Canada's services sector, which generated strong job growth in June, shed more than 51,000 jobs last month.

Education services produced the biggest decline, losing 65,300 jobs. The government agency said the losses were spread across occupations, including teachers and administrators.

"I think Statistics Canada is struggling with the seasonal adjustments in the

"StatsCan struggles with the education category."

ECONOMIST DOUG PORTER

education category. This is at least the fourth year in a row where we've seen a big drop in education and often times it gets partially reversed in August," said Doug Porter, deputy chief economist with BMO Capital Markets.

"I don't think the Bank of Canada tends to overreact too much to these very volatile employment numbers. I think the bigger story here is still that the job market has improved quite a bit over the past year."

The finance, insurance, real estate and leasing sector also dropped 29,800 jobs, bringing the level of employment down to where it was in July 2009. The goods-producing sector added 42,000 jobs, boosted by a 28,500 job gain in manufacturing.

The average hourly wage of permanent employees was up 2.6 per cent in July from a year earlier.

Hewlett-Packard CEO resigns after sex harassment investigation

REUTERS

SAN FRANCISCO — Hewlett-Packard Co. CEO Mark Hurd unexpectedly resigned yesterday after a sexual harassment probe found

he had a "close personal relationship" with an HP contractor who received improper payments.

The shocking announcement from the world's top personal computer maker

sent its shares plunging 10 per cent as Hurd is one of the most admired chief executives in Silicon Valley and credited with reviving the company after the tumultuous reign of Carly Fiorina.

HP said one of its former contractors, involved in marketing activities from late 2007 to the fall of 2009, had levied sexual harassment allegations at Hurd.

HP said Hurd, who is 53 and

married, had a "close personal relationship" with the contractor. An investigation found no violation of HP's sexual harassment policy, but did find that Hurd violated standards of business con-

duct, HP said.

There were instances where the female contractor received compensation or reimbursement without a legitimate business purpose, HP said.