

**SOUTHAM BUSINESS REPORT**

**GST, recession created climate for loss**

by IAN AUSTEN  
Southam News

OTTAWA — A sluggish advertising market in the second quarter of this year meant continued losses for communications giant Southam Inc.

The Toronto-based company reports it lost \$3.8 million on sales of \$433.1 million, bringing losses for the first half of the year to \$17.3 million, compared with a \$28.2-million profit for the same period in 1990.

While Southam's newspaper and printing operations turned a profit in the three months ending June 30, they were offset by losses at Coles Book Stores and continued problems with the Business Communications Group.

Spokesman John Simpson blamed the recession, an end to Sunday shopping in Ontario and the goods and services tax for Coles' quarterly loss of \$2.8 million.

He said the GST, the first federal tax levied on books, "had a greater effect than you would have expected the recession to have. In fact, during the last recession book sales increased," he said.

A dramatic decline in advertising aimed at business undermined Southam's attempts to reverse the fortunes of its business communications operation.

Since last November the company cut 365 jobs through layoffs, early retirements and the sale of some publications.

But after falling 24 per cent in

the first quarter, compared to a year earlier, advertising pages in the division's business magazines crashed 32 per cent the following three months.

The group lost \$3.2 million in the second quarter.

In contrast to the severe decline in business advertising, the rate of decline in advertising in Southam's newspapers seems to be reversing.

During the first three months of the year, the volume of newspaper advertising was down 14.4 per cent compared to 1990. But in the second quarter it was off by only 10.6 per cent.

"I guess we see positive signs there, but I hate to make any predictions," Simpson said.

Included in \$3.3 million worth of unusual items in the quarterly report is money Southam spent to guarantee continued publication of the Vancouver Sun and The Province if employees there go on strike, Simpson said.

Members of the Newspaper Guild, the two newspapers' largest union, this week voted 81 per cent in favor of a strike.

Simpson would not say how the company will keep publishing in the event of a strike at Pacific Press Ltd. — which produces the

two papers — nor would he speculate about its potential financial impact.

The Sun has the chain's largest daily circulation, 220,000 copies at the end of last year, while the Province has the company's largest Sunday circulation, selling 227,000 copies.

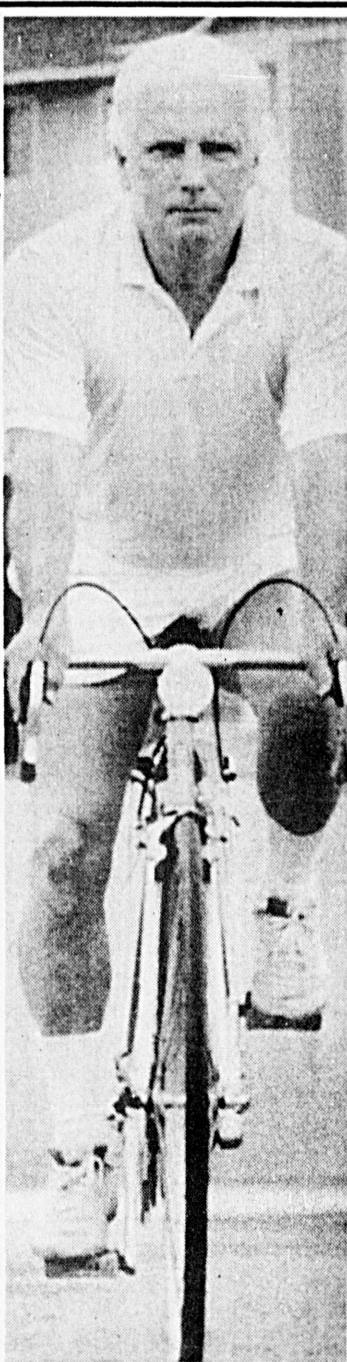
In all, Southam's newspapers, which include 17 dailies, generated a second-quarter profit of \$19 million — a 39-per-cent decline from the same period in 1990.

Downsizing at the company's

printing operations, Southam Graphics Group, created a \$1.5-million profit — the division's first since the second quarter of 1990.

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**Cushy job silenced critic of PM**



Deans: Few bumps now.

OTTAWA (CP) — Whatever happened to Ian Deans, the former NDP firebrand MP who once said he couldn't stomach the policies of the governing Tories?

Prime Minister Brian Mulroney gave him a \$93,700-a-year job and Deans hasn't publicly denounced the government since.

He can't. The pesky, florid-faced, Scottish native gave up his Hamilton Mountain seat to become chairman of the Public Service Staff Relations Board, a quasi-judicial body.

Now, midway through his 10-year term, he's unsure what the future holds for him.

Mayor of Hamilton perhaps? "I've thought a lot about that," Deans says reflectively. "I don't know if I'm electable anymore."

He'll be 59 when when he'll have to decide.

"That's not old enough to retire. The thought of doing nothing doesn't appeal to me."

In 1966, after six years in the Commons and 13 in the Ontario legislature — including a failed bid at the provincial leadership — he had already announced he wouldn't be running again for a Parliament seat.

He said at the time he was frustrated and disillusioned by what he described as a lack of integrity in the Conservative government.

Since then he brings vigor to his job as head of the staff relations board, which adjudicates contract disputes between the federal government and the 220,000 public service employees represented by 22 unions.

"I like the job," Deans said in a recent interview with the Hamilton Spectator. "It's the second best job I've ever had. Being elected was by far the best."

"But the work I've done in the past five years, I believe, was on balance as important as anything I could have done if I had stayed in politics."

In those five years, Deans says he has fought fiercely to keep the board independent, favoring neither employer nor employee.

He also says he has streamlined the hearing process for pub-

lic servants, up to 2,000 of whom take their troubles to the board each year.

A backlog of nearly 1,000 cases has been wiped out. Every matter gets scheduled for a hearing as it comes in and priority is given to health and safety cases, or those involving discharges.

But Deans gets good marks from Daryl Bean, president of the 170,000-member Public Service Alliance of Canada, an umbrella group with 18 component unions.

"The big thing is that he understands that the best collective agreement is one worked out between the parties, and not one imposed," Bean said.

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**HIGHLIGHTS:**

—**Saturday:** 11:00 A.M. Start of the long course races from Wilkins Regional Park, Miworth; finish the lower Cottonwood: duration approx. 2.5 hrs. Running parts through the upper Cottonwood and Ft. George Parks.

—**Sunday:** 9:00 A.M. short course races from Foothills to finish at lower Cottonwood.

—**Sunday:** 1:00 P.M. six and ten person VOYAGEUR CANOE RACES. These large canoes are the dragon boats of the North, fast and very competitive; start/finish lower Cottonwood.

—**Monday:** 9:00 A.M. solo (one-person) races from foothills to finish at lower Cottonwood.

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