

**Death by natural causes or
premeditated murder? B.C. chains
eliminate competition by buying,
trading, and closing newspapers**

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**A PAPER PRESENTED TO “IS NO LOCAL NEWS BAD NEWS?” RYERSON
UNIVERSITY, TORONTO, CANADA, JUNE 3-4, 2017**

ABSTRACT

The number of paid circulation daily newspapers in Canada has fallen since 2010 mostly due to a spate of closures, mergers, and changes in publication frequency by two British Columbia chains. Of the thirteen paid dailies that have been lost in Canada this decade, nine were published in B.C. and owned by Black Press or Glacier Media. Most of the lost B.C. dailies were closed or merged shortly after one of those two companies acquired it from the other. The two chains have engaged in a series of transactions, including trades, which were soon followed by newspaper closures. Including weekly newspapers and non-paid dailies, Black Press and Glacier Media have closed or merged twenty-three of the thirty-three newspapers they have exchanged this decade, or a competitor they already owned. While this would appear to be classic anti-competitive behaviour, these dealings have gone without apparent challenge from the federal Competition Bureau.

Introduction

The number of paid daily newspapers in Canada was stable for decades at about 100 until the recession of 2008-09, when several fell by the wayside. The *Halifax Daily News*, that city's second newspaper, was closed in 2008, but it was immediately resurrected as a local edition of the free commuter tabloid *Metro* (Morrissy, 2008). In Manitoba, the *Flin Flon Reminder* reduced its publication frequency to thrice weekly in 2009, while in Ontario the *Cobourg Star* and the *Port Hope Evening Guide* merged as *Northumberland Today*. That brought the number of paid dailies in Canada to 96, and despite widespread predictions of the death of newspapers as a medium the number stabilized over the next few years. A series of closures by two B.C. chains from 2014-16, however, helped to drop the number into the mid-80s. A tabulation using News Media Canada data shows that of the thirteen paid dailies that have been closed, merged, or changed publication frequency in Canada this decade, nine were published in B.C. and were owned by Black Press (6) or Glacier Media (3). (See Table 1)

Table 1 – Daily Newspaper Closures in Canada 2010-16

	<u>Title</u>	<u>Prov.</u>	<u>Owner</u>	<u>Circulation*</u>	<u>Notes</u>
1.	Prince Rupert Daily News	BC	Black Press	2,800	closed 7/10
2.	Nelson Daily News	BC	Black Press	3,300	closed 7/10
3.	Portage LaPrairie Graphic	MB	Quebecor	2,088	weekly 3/13
4.	Amherst Daily News	NS	Transcontinental	2,593	weekly 8/13
5.	Kamloops Daily News	BC	Glacier Media	9,235	closed 1/14
6.	Dawson Creek News	BC	Glacier Media	1,470	merged 2/14
7.	Alberni Valley Times	BC	Black Press	3,088	closed 10/15
8.	Guelph Mercury	ON	Torstar Corp.	9,371	closed 1/16
9.	Nanaimo Daily News	BC	Black Press	3,898	closed 1/16
10.	Alaska Highway News	BC	GlacierMedia	2,143	weekly 3/16
11.	Cranbrook Daily Townsman	BC	Black Press	2,485	3Xweek 4/16
12.	Kimberley Daily Bulletin	BC	Black Press	1,204	3Xweek 4/16
13.	Fort McMurray Today	AB	Postmedia	1,722	weekly 11/16

* average paid daily circulation
Source: News Media Canada

These two companies have bought, sold, and even traded newspapers back and forth in a series of transactions that have been frequently followed by the closure of competing titles. All of the dailies lost in B.C. this decade were owned either by Glacier Media or Black Press. Most of the closures of dailies in Canada since 2010 have come soon after Glacier Media or Black Press acquired it from the other. While this would appear to be classic anti-competitive behavior, these dealings have gone without apparent challenge from the federal Competition Bureau. This case study examines the elimination of newspaper competition in B.C. since 2010 as a result of dealings between these two companies.

Newspapers in British Columbia

The Ontario-based Southam chain was the dominant newspaper owner in B.C. during the twentieth century. It purchased the *Vancouver Province* in 1923 and competed in the province's largest market with the family-owned *Vancouver Sun* until entering into a partnership with it in 1957 that was known as Pacific Press. Although ruled an illegal combination between competitors following hearings by the Restrictive Trade Practices Commission, the merger was allowed to stand when the parties argued "economic necessity" (Edge, 2001). Southam also bought the *Sun* in 1980 as part of a series of transactions that prompted the Royal Commission on Newspapers, whose report noted the following year that Southam dominated the province with 65.8 percent of daily circulation (Canada, 1981, 6). Southam acquired most of the non-daily newspapers in the Vancouver area in the late 1980s, which prompted hearings under the recently-introduced Competition Act that ordered it to divest one of them (Canada, Competition Bureau, 2004). Southam was taken over in the mid-1990s by Conrad Black, who added to it his

Sterling Newspapers chain, B.C.'s third largest, under the umbrella of Hollinger Inc. It sold the former Southam newspapers to Canwest Global Communications in 2000, and sold some of its remaining B.C. newspapers in 2006 to Vancouver-based former bottled water company Glacier Ventures (Robertson, 2006). Canwest Global Communications went bankrupt in 2009 and its newspaper division was auctioned off to a consortium of its debt holders, mostly U.S. hedge funds, which became known as Postmedia Network. It sold most of the rest of its B.C. newspapers, except for the *Vancouver Sun* and *Province*, to Glacier in 2011.

Glacier Media

By this time the company bought by Vancouver real estate developer Sam Grippo in 1998 had been renamed Glacier Media. Its purchase of Hollinger newspapers in 2006 reportedly shocked the newspaper industry because the titles had been sought by some of Canada's largest publishing companies. "A company with a paltry \$141-million market value," noted the *Globe and Mail*, "somehow outmanoeuvred multibillion-dollar rivals that coveted specific chunks of the Hollinger assets" (Robertson, 2006). The acquisition was not Grippo's first foray into the newspaper business, however. His company Madison Venture Corp. had partnered with Southam in 1990 to form a chain called Lower Mainland Publishing that owned fourteen non-daily newspapers in the Vancouver area. In addition to its two Vancouver dailies, however, Southam's 63 percent ownership share in Lower Mainland Publishing was ruled excessive by the Competition Bureau, which ordered it to hold its ownership in the company at arm's length. Grippo was named president and CEO of the partnership, which was unwound eight years later when Southam reached an agreement with the Competition Bureau to sell ten of the titles to

Madison in order to lessen its dominance in the Vancouver market (Waldie, 1998).

Madison divested most of the publications later that year (Robertson, 2006). It continued to own a number of business publications, however, such as the *Western Investor* and *Business in Vancouver*, which were folded into Glacier Media in 2005 (Lazarus, 2006).

Madison was the biggest shareholder in publicly-traded Glacier from the time it was acquired in 1998 (Robertson, 2006). In a complex web of corporate relationships, Madison and several of its affiliated companies reportedly owned 21.9 per cent of Glacier shares in late 2005 when the company bought half ownership of a chain of nineteen small Alberta newspapers from Hollinger for \$47 million. The purchase was made in partnership with the family-owned Edmonton company Jamison Newspapers Inc. (Leung, 2006). A few weeks later, Glacier bought more than thirty B.C. newspapers and numerous business publications from Hollinger for \$122 million. The purchase was financed largely through the issuance of more Glacier shares to Madison that saw its ownership of the company rise to a reported 47 percent (Robertson and Waldie, 2006). The transactions attracted media attention because they came in the wake of a revolt by minority shareholders in Hollinger and a scandal that would see Black and his partner David Radler sent to prison for fraud and obstruction of justice. An internal company investigation found, among other irregularities, that some Hollinger newspapers had been sold at low prices to companies owned by Black and Radler – some for as little as \$1 – and others to companies controlled by relatives and associates of Radler (Edge, 2005). Grippo, who was unusually secretive for a newspaper owner, was a long-time associate of Radler (Young, 2006). Their companies jointly owned Lower Mainland Publishing for several years in the mid-1990s after Hollinger acquired Southam.

Its \$86.5-million purchase of B.C. newspapers from Postmedia in 2011 established Glacier as a major regional publisher. It included the province's third-largest daily, the *Victoria Times Colonist*, along with twenty other titles, including two more dailies and the thrice-weekly *Vancouver Courier*. Glacier soon ranked as Canada's largest publisher of business publications, including in the agriculture, energy, and mining industries, when it bought fifteen such titles from Rogers Publishing (Lazarus, 2011). By 2017, Glacier ranked as the second largest publisher of non-daily newspapers in B.C. with 60 titles circulating a million copies a week (News Media Canada, 2017).

Black Press

David Black quit a job in the acquisitions department at Torstar Corp., publisher of the *Toronto Star*, to buy a newspaper of his own in 1975. It was a money-losing Williams Lake, B.C., weekly owned by his father (McCullough, 1996). He soon turned it around and began buying other community papers in the B.C. Interior and on Vancouver Island, where he soon owned twenty-one titles. Black Press moved its headquarters to Victoria in 1985 and bought a chain of thirty-three B.C. and Alberta newspapers from UK-based Trinity International Holdings in 1997 for \$58 million, which doubled its annual revenues to \$140 million. As a result, it became Canada's largest publisher of non-daily newspapers with almost half of B.C.'s weeklies (Verburg, 1998). In 2002, Black sold a 19.35 percent interest in his company for \$20 million to Torstar, whose CEO said it hoped to acquire the rest when the 57-year-old Black retired. "It was part of the deal," admitted Black. "That was the idea, that eventually there would be an exit for me, and an opportunity for them, perhaps" (Blackwell, 2003). Black announced that proceeds of the share sale to Torstar would be used to finance even more acquisitions (Damsell, 2002).

Many of the Black Press newspapers were published twice or thrice-weekly, with free editions of its *This Week* tabloids distributed on other days to all households in some communities, making them effectively daily newspapers. In Kamloops, Black started an edition of *This Week* in 1988 in competition with the Southam-owned *Daily News*, which then had a paid circulation of more than 21,000. A decade later, *Daily News* circulation was down to 16,000 while thrice-weekly *This Week* reached 29,000 homes and had 70 percent of the local advertising market (Verburg, 1998). Black expanded into the U.S. in 1988, selling a 21-percent stake in his company to cable company Shaw Communications in order to raise the capital to buy fifteen community papers in Washington state. Black Press bought back Shaw's share of his company two years later (Lewis, 2002). By 2009, it owned more than half of the community newspapers in Washington through its subsidiary Sound Publishing. Black became known as "feared competitor" in the U.S., noted one journalist. "He'll cut ad rates to grab business. He often reduces staff or lowers pay" (Corr, 2008). Black Press broke into the daily newspaper business in 2001 by buying the *Honolulu Star-Bulletin*, then it bought the larger *Honolulu Advertiser* in 2010 and merged them as the *Star-Advertiser* (Wilson, 2010). It soon raised advertising rates as a monopoly, reported *Hawaii Business* magazine, with prices "sometimes doubling or tripling" (Burriss and Creamer, 2011). Black Press bought the *Akron Beacon-Journal* in 2006 for US\$165 million and immediately cut a quarter of its workforce (Ebner, 2009). In 2013, it bought the *Everett Daily Herald* from the Washington Post Company.

Black Press was also controversial for its practices in Canada. In 1998, Black ordered his newspapers to editorially oppose a treaty negotiated between the B.C. government and the Nisga'a first nation because he said an advertising campaign urging its

ratification was one-sided and misleading. The B.C. Press Council dismissed a complaint about the edict, however, ruling that “the right to direct editorial policy rests with the owner” (McCulloch, 1999). In 2007, Black Press fired a *Victoria News* reporter after local auto dealers complained about a story he wrote outlining how to buy a car in the U.S. (Holman, 2007). In 2012, David Black proposed a \$32-billion oil refinery on B.C.’s north coast which would have been Canada’s largest. He wrote columns promoting the controversial plan in his own papers, as well as in those owned by Glacier and Postmedia. He asked editors of his newspapers to develop their own editorial position on the project, he told the *Globe and Mail*, in order to preserve their credibility (Bailey, 2012). By 2017, Black Press ranked as the largest publisher of non-daily newspapers in B.C., with 91 titles circulating almost 2 million copies a week (News Media Canada, 2017).

Daily newspaper losses

Glacier Media sold ten newspapers to Black Press in mid-2010, including the 109-year-old *Nelson Daily News* and the 99-year-old *Prince Rupert Daily News*, both of which Black announced would be closed (Korstrom, 2010). Black Press already owned two non-daily newspapers in the Prince Rupert area: the *Northern View*, a local weekly it founded in 2006; and the *Northern Connector*, a regional weekly newspaper it started the same year. In Nelson, it owned the weekly *Star*, which it soon began publishing twice weekly. It also closed two non-daily newspapers it acquired, the *100 Mile House Advisor* and the *Quesnel Advisor*. Black Press CEO Rick O’Connor said the closed papers together had lost more than \$1 million in 2009 and that his company had bought them because Glacier would only sell the newspapers as a group (Hoggan, 2010).

In January 2014, Glacier closed the *Kamloops Daily News*, which it had acquired from Hollinger in 2006. The newspaper announced on its front page that the reason for its closure was economic. “Revenues have declined and The Daily News has been unable to reduce expenses sufficiently to continue as a viable operation” (Anonymous, 2014). The *Daily News* had laid off five workers the previous fall when Glacier contracted out its advertising production work, and that of other newspapers, to a company operating in the Philippines and India (Lee, 2014). This was part of a program of “value enhancement” Glacier announced in late 2013 after its share price fell by 40 percent in five months, including cost cuts of more than \$7 million a year (Bouw, 2014). Black Press had sold *Kamloops This Week* in 2010 to Aberdeen Publishing, which was based in nearby Kelowna and owned by long-time regional publisher Bob Doull. With closure of the *Daily News*, Aberdeen announced that *Kamloops This Week*, which was then a twice-weekly, would resume thrice-weekly publication (O’Connor, 2015). It and the weekly *Prince George Free Press*, which Doull also bought from Black Press in 2010, reportedly continued to use Black Press websites and news stories (Anonymous, 2012). Black Press continued to print *Kamloops This Week* until 2017, when Aberdeen switched it to a press in Vancouver (Anonymous, 2017a).

A spokesman for the industry group Newspapers Canada (now News Media Canada) maintained that the newspaper business in Canada was healthy despite the closure of the *Kamloops Daily News*, as revenue had been stable in recent years. “We haven’t seen the great dips in circulation they’ve seen in the U.S.,” said John Hinds. “I don’t know where that local advertising dollar [in Kamloops] went” (Lee, 2014). The Canadian Association of Journalists issued a statement saying the closure highlighted “a disturbing trend of

newspaper publishers choosing to shut down newsrooms rather than choose other less-dramatic measures of reducing their costs of production” (Canadian Association of Journalists, 2014). Later that month Glacier announced it would merge its *Dawson Creek Daily News* in sparsely-populated northern B.C. with the *Alaska Highway News* in nearby Fort St. John (Baluja, 2014a). In March 2016, Glacier converted the *Alaska Highway News* to a weekly.

In late 2014, Black Press and Glacier Media exchanged fourteen titles, with Glacier receiving three newspapers in the Vancouver area and Black acquiring eight on Vancouver Island and three in suburban Vancouver. Glacier announced that the undisclosed amount of cash it also received in the transaction would go toward paying down its debt, which according to its latest financial report stood at \$76.2 million (Smith, 2014). Black Press acquired in the deal every newspaper it did not already own on Vancouver Island, which had a population of 750,000, except for Glacier’s daily *Victoria Times Colonist* (Bradshaw, 2014). Included were two dailies, the *Alberni Valley Times* and the *Nanaimo Daily News*. Black Press already published the twice-weekly *Alberni Valley News*, which it had founded in 2006 (Wilson, 2006). In Nanaimo, where it already owned the twice-weekly *News Bulletin*, Black Press also acquired Glacier’s weekly *Harbour City Star* (Wilson, 2014). The deal gave Black Press competing Vancouver Island publications not only in Nanaimo, where it had three, and Port Alberni, but also in Maple Ridge in the Fraser Valley, while Glacier doubled its holdings in the Vancouver suburbs of Coquitlam, Burnaby, and Richmond (Bradshaw, 2014). The Vancouver alt-weekly *Georgia Straight* noted the monopolistic nature of the transactions between Black and Glacier.

In effect, it appears as though the two publishing giants are dividing up the southwestern B.C. market, with Glacier taking control over the western section of the Lower Mainland and Black Press being left with most of Vancouver Island and the Fraser Valley (Smith, 2014).

In September 2015, Black Press announced the *Alberni Valley Times* would be closed, as it was not making enough money compared to its *Alberni Valley News*. “The paid circulation had dropped to such an extent that, prior to us buying the paper, the previous owners had made a decision for the Times to be delivered free twice a week to compete with the News,” said O’Connor. “So when you add it all up, it just doesn’t make sense to run a paid daily circulation paper when you have to give it away free” (Watson, 2015). In early 2016, Black Press also closed the 141-year-old *Nanaimo Daily News*. It had already closed the *Harbour City Star* in April 2015. Nanaimo, a city of 90,000, went in little over a year from having three newspapers to having only one. O’Connor said the closed Nanaimo and Port Alberni dailies had lost a combined \$800,000 over the previous year and that only one of the eleven papers Black Press acquired from Glacier was profitable because competition in their markets had driven down advertising rates to unsustainable levels (Devlin, 2016).

At the same time that Black Press bought ten newspapers from Glacier in 2010, its former executive Don Kendall also purchased the *Cranbrook Daily Townsman* and the *Kimberley Daily Bulletin* from Glacier. Just over a year later, Black Press also bought those two dailies from Kendall. It already owned the Cranbrook-based *Kootenay News Advertiser*, which published twice weekly, and most of the other community newspapers in the Kootenay region of eastern B.C. (Anonymous, 2011). In April 2016, Black Press converted the *Kimberley Bulletin* and *Cranbrook Daily Townsman* to thrice weekly publication, with the renamed *Kootenay Advertiser* becoming a weekly (Grant, 2016). In

April 2017, Black Press closed the *Kootenay Advertiser* after 45 years of publication (Powell, 2017).

Community newspaper closures

Their swap of newspapers in late 2014 was not the first time Black Press and Glacier Media exchanged titles. They made their first trade in October 2013 when Black Press acquired the nearby community newspapers *Abbotsford/Mission Times* and *Chilliwack Times* in the Fraser Valley and Glacier received four titles in return, including the suburban Vancouver weekly *North Shore Outlook* (Do, 2013). A month later, Black Press closed the *Abbotsford/Mission Times*, clearing the field for its *Abbotsford News* (Baluja, 2013). It closed the *Chilliwack Times* at the end of 2016, leaving only its *Chilliwack News* in that Fraser Valley community. In March of 2015, Black Press closed two Vancouver Island community newspapers it had acquired from Glacier the year before – the *Oceanside Star* in Parksville and the *Courier-Islander* in Campbell River – leaving those markets to its *Campbell River Mirror* and *Parksville Qualicum Beach News* (Braganza, 2015).

In early 2014, Glacier Media closed the *North Shore Outlook*, which was published in West Vancouver and North Vancouver, where Glacier also owned the larger *North Shore News* (Baluja, 2014b). Since its acquisition by Glacier, according to the *Langara Journalism Review*, the *Outlook* had “changed into a vehicle heavy on ads and light on anything that resembles journalism” (Jonca, 2015). Glacier also closed its acquired *South Delta Leader*, leaving its *Delta Optimist* without competition in that Vancouver suburb. The following year, Glacier shut the 83-year-old *Richmond Review* it had traded for in late 2014 in the Vancouver suburb where it also owned the *Richmond News* (Smith, 2015).

In September 2015, it shut the *Burnaby News Leader* and the *New Westminster News Leader* in Vancouver suburbs where it also owned *Burnaby Now* and the *Royal City Record*, as well as the *Tri-Cities Now* in the suburbs of Coquitlam, Port Moody, and Port Coquitlam (Bradshaw, 2015). “It is by now a familiar script,” noted *B.C. Business* magazine. “Through horse-trading, Glacier Media or Black Press . . . become the sole owners of a community’s weeklies. And then one of those papers shuts down” (Parry, 2015).

In April 2015, Black Press closed the 110-year-old *Cowichan News Leader Pictorial*, its only unionized paper on Vancouver Island. Its workers had gone on strike the previous year against a two-tier salary system that would have paid new employees less than existing ones (Rondeau, 2015). Black Press closed it a few months after acquiring the competing *Cowichan Valley Citizen* from Glacier. A former *News Leader Pictorial* journalist criticized Black Press for “plantation-style” and “Soviet-style” management, blogging that “there was burnout stress at all levels, in all departments, due to over work, understaffing and underpay” (Rusland, 2015). In October 2016, Black Press merged its *Maple Ridge & Pitt Meadows News* with the *Maple Ridge & Pitt Meadows Times* it had acquired from Glacier in late 2014 (Anonymous, 2016). In March 2017, it merged the *Surrey Now* with the *Surrey Leader* it acquired from Glacier to create one of the largest community newspapers in Western Canada (Anonymous, 2017b). The following month, it merged the *Comox Valley Echo*, which it had also acquired from Glacier, with its *Comox Valley Record* (Griffin, 2017).

Counting the losses

Following closure of the minor dailies *Guelph Mercury* and *Nanaimo Daily News* in early 2016, Canada's mainstream media began chronicling the carnage in the community newspaper industry, which was especially pronounced in B.C. In addition to the paid dailies that had been closed, Global Television counted fifteen community newspapers that had been closed in B.C. since 2010. "In all of these cases (with the exception of the *Chetwynd Echo*), the closures have come shortly after Glacier Media or Black Press purchased the rival newspaper in the community from the other company" (McElroy, 2016). The disappearance of the *Surrey Leader*, after 88 years of publication, prompted a columnist for the *Globe and Mail* to lament the diminution of community news in Canada. "Local journalism, whether it's at a city paper or a weekly, a radio or TV station, keeps its community entertained and informed," wrote Elizabeth Renzetti (2017).

The National isn't going to send a camera crew to cover the profoundly annoying pothole on Main Street, or the feud between the dress-shop owners, or the cozy relationship between the mayor and the developers. The *Globe and Mail* is not likely to, either: This is where the country's 1,060 community papers come in – or where they used to (Renzetti, 2017).

This study counts thirty-three newspapers Black Press and Glacier Media acquired from each other between 2010 and 2014, either directly or through related parties. Of those, nineteen have been lost through closure (sixteen) or merger (three). Four other newspapers one of the chains already owned were closed after it acquired a competitor in that market, for a total of twenty-three newspapers lost via closure or merger following transactions between Black Press and Glacier Media. (See Appendix) A 2017 report on Canada's local news media by a Heritage ministry committee noted that the number of community newspapers in Canada had been stable since 2011 at just over 1,000. This makes the disappearance of local newspaper competition in B.C. even more notable. "We

are concerned about the future of local media,” declared the report in making recommendations to alleviate what many saw as a crisis in local news provision. “We are well aware of the essential role they play in our communities” (Canada, 2017, 7).

Financial considerations

Glacier Media was a public company whose shares traded on the Toronto Stock Exchange, so it was required to issue quarterly financial reports. Like all publicly-traded newspaper companies, its share price fell sharply during the 2008-09 recession, from more than \$4 to less than \$1.50, where it stagnated despite a rebound in its earnings when the economy recovered. “Glacier Media’s stock has basically been given up for dead,” quipped a *Globe and Mail* analyst in early 2013, who noted the company had even started paying dividends in 2011 (Rothery, 2013). Glacier’s program of “Value Enhancement Initiatives” announced in November 2013 and its offshoring of advertising production work helped its share price rebound following the closure of its *Kamloops Daily News*. “Some analysts are taking comfort in Glacier’s strategy,” noted the *Globe and Mail*, “in particular the cost-cutting moves” (Bouw, 2014). While Glacier’s share price topped \$1.50 in late 2014 and early 2015, however, it crashed in mid-2015 to below 75 cents, where it has languished ever since.

One former publisher read a 2015 Glacier Media quarterly report to mean it had “pretty much given up on a long-term future for its 30 newspapers across B.C.,” and intended to shift into more lucrative areas of investment. “Newspapers are in decline,” noted blogger Paul Willcocks (2015). “The company’s plan is to extract cash during their remaining time and invest it in businesses with growth prospects.” Willcocks pointed out that Glacier was making a greater return from its business publications. “Newspaper profit

margins are shrinking. On an operating basis, the business information division produced earnings equal to 27 per cent of revenue; for newspapers the return is nine per cent” (Willcocks, 2015). Glacier Media’s second quarter earnings report for 2015, he noted, made it clear that the company intended to “harvest” the assets of its community newspapers. “These operations generate significant cash flow and provide scale for the Company,” it stated. “Efforts will be made to restructure community media assets to create greater direct value and simplicity for Glacier, or monetize where appropriate value can be realized” (Glacier Media, 2015, 2).

The Company’s objective is to grow its business information assets and the portion of cash flow generated by these operations, which have higher growth profiles and valuations, and harvest the cash flow from community media assets and reduce the related financial and operating exposure (Glacier Media, 2015, 2).

Glacier Media stopped paying dividends in mid-2015, saving it about \$7 million a year (Canadian Press, 2015). The company was still profitable, but it never regained its high profit levels from before the recession. In 2007 and 2008, its return on revenue had been greater than 20 percent, but by 2015 it had fallen into the single digits before rebounding slightly in 2016. (See Table 2)

Table 2 – Glacier Media earnings

	Revenues (millions)	Earnings* (millions)	Margin (%)
2016	199	19	9.4
2015	221	17	7.8
2014	248	29	11.7
2013	295	33	11.1
2012	330	50	15.3
2011	267	49	18.4
2010	242	44	18.1
2009	229	36	15.6
2008	249	52	20.8
2007	216	47	21.9

* before interest, taxes, depreciation, and amortization
Source: Company annual reports

Black Press, by contrast, was a private company that did not sell shares publicly and thus was not required to disclose its financial results. Because it was partly owned by publicly-traded Torstar, however, its earnings could be inferred from Torstar's results.

(See Table 3)

Table 3 – Black Press earnings*
(millions)

2016	\$28.9
2015	\$15.5
2014	\$20.1
2013	\$28.3
2012	\$20.1
2011	\$17.0
2010	\$17.0
2009	\$12.9

* before interest, taxes, depreciation, and amortization
Source: Torstar Corp. annual reports

Discussion

The preferred business model for newspapers has historically been monopoly, with many economists seeing them as “natural” monopolies (Pilgrim, 1992). Once a monopoly was achieved, research had found, advertising and circulation rates could be raised without fear of being undercut by a competitor (Lacy and Simon, 1993). “These price effects are so powerful that they provide ample motivation for the long and steady trend to newspaper mergers and takeovers,” noted one Canadian study (Kerton, 1973, 605). Vigilant anti-trust oversight is thus required to preserve competition in this industry, which is vital to local political life. That, however, has historically been lacking in Canada (Edge, 2016).

Advertising revenues flowing to newspapers began to decline in the mid-2000s with the widespread adoption of high-speed Internet access, and the trend accelerated with the 2008-09 recession. Print advertising revenues dropped by 63 percent at U.S. daily newspapers between 2006 and 2013, and by 36 percent in Canada. Despite this, research showed that no publicly-traded newspaper company in North America suffered an annual loss on an operating basis between those years (Edge, 2014). Newspaper companies had to take drastic measures to keep their heads above water, including cost cutting and consolidation, but they proved well able to do so. One fatalistic strategy in the face of a feared extinction of the medium, however, was called harvesting. “This is the ‘take-the-money-and-run’ plan,” noted Meyer (2009, 37) in *The Vanishing Newspaper*. “It means raising prices, reducing quality, and taking as much money of the firm as possible. . . . There are very strong indications that [newspaper companies] are drifting in that direction, egged on by short-term investors.” Short-term decision making was especially pronounced in publicly-traded newspaper companies, as research found investors focused on stock prices and quarterly earnings reports (Cranberg et al., 2001).

A 2012 study found U.S. news media exaggerated the scale of the newspaper crisis by creating “a false impression that the whole industry is ‘dying’ . . . when in fact they are doing well in small U.S. markets” (Chyi, et al., 2012, p. 316). Much anecdotal evidence suggested that large metropolitan dailies suffered greatest from declining revenues, while many small town newspapers continued to prosper because their advertising was not eroded as much by websites such as Craigslist (Ahrens, 2007; Saba and Fitzgerald, 2008; McGhee, 2011).

Conclusions

Because Glacier Media was a publicly-traded company, the fact its profit margin dropped from more than 20 percent in 2008 to less than 10 percent in 2013 likely subject it to the kind of short-term decision-making that has been found to characterize such companies. While Black Press was not publicly traded, it also had partners whose financial expectations it had to consider. It is difficult to escape the conclusion that Black Press and Glacier Media engaged in collusion to eliminate competition in the B.C. community newspaper industry and to divide it into local and regional monopolies in order to boost their financial fortunes. It would not be the first time that collusion has been seen in Canadian newspapers. Sotiron (1992) chronicled such behaviour in the industry a century earlier. “The economic realities of competition forced key publishers . . . to adopt alternative strategies of predatory competition and that of cooperation or collusion which resulted in an increasingly concentrated industry” (26). Corporate collusion to the detriment of consumers is illegal, but the behaviour chronicled in this case study has not resulted in apparent enforcement action by the Competition Bureau. A 2006 Senate report on news media accused the Competition Bureau of nothing less than “neglect” for failing to curb concentration of ownership in the media (Canada, 2006, 15). The 2017 Heritage ministry report on local news provision renewed recommendations made by that report for changes to the Competition Act to treat mergers and acquisitions of media firms differently than in other industries (Canada, 2017). In advance of such possible changes, it would behoove the Competition Bureau to at least investigate the above dealings between Black Press and Glacier Media and their subsequent closure and merger of many local news sources.

Appendix: Black Press-Glacier Media transactions

July 2010

Black Press purchased 10 newspapers from Glacier Media.

	<u>status</u>	<u>region</u>	<u>circulation</u> ¹	<u>notes</u>
1. <i>Trail Daily Times</i>	paid daily	Kootenay	5,002	
2. <i>Creston Valley Advance</i>	paid weekly	Kootenay	2,869	
3. <i>Fernie Free Press</i>	paid weekly	Kootenay	1,775	
4. <i>Grand Forks Gazette</i>	paid weekly	Kootenay	2,479	
5. <i>Nelson Daily News</i>	paid daily	Kootenay	3,300	closed 9/10
6. <i>Prince Rupert Daily News</i>	paid daily	North Coast	2,800	closed 7/10
7. <i>Quesnel Advisor</i>	free weekly	Interior	8,156	closed 7/10
8. <i>Cariboo Observer</i>	free weekly	Interior	9,940	
9. <i>100 Mile House Advisor</i>	free weekly	Interior	7,426	closed 7/10
10. <i>Coast Mountain News</i>	free weekly	North Coast	1,200	

Black Press already owned the *100 Mile Free Press*, the *Quesnel Cariboo Observer*, the *Trail-Rossland News*, the *West Kootenay Advertiser*, and the *Nelson Star*.

July 2011

Black Press bought two dailies from its former executive Don Kendall, who had purchased them from Glacier Media on the same day in July 2010 that Black Press purchased 10 newspapers from Glacier Media.

11. <i>Cranbrook Daily Townsman</i>	paid daily	Kootenays	3,280	3Xweek 4/16
12. <i>Kimberley Daily Bulletin</i>	paid daily	Kootenays	1,660	3Xweek 4/16

Black Press already owned the regional *Kootenay News Advertiser*, which published twice weekly (closed 4/17), and most of the other community newspapers in the Kootenay region of eastern B.C.

October 2013

Glacier Media and Black Press exchanged six newspapers.

Glacier Media received

13. <i>North Shore Outlook</i>	free weekly	Vancouver	56,076	closed 3/14
14. <i>Vancouver Westender</i>	free weekly	Vancouver	39,730	
15. <i>South Delta Leader</i>	free weekly	Vancouver	16,600	closed 2014
16. <i>Bowen Island Undercurrent</i>	paid weekly	Vancouver	926	

¹ average edition circulation

Glacier already owned the *North Shore News* and the *Delta Optimist*.

Black Press received

17. <i>Abbotsford-Mission Times</i>	free 2Xweek	Fraser Valley	45,409	closed 11/13
18. <i>Chilliwack Times</i>	free 2Xweek	Fraser Valley	30,550	closed 12/16

Black Press already owned the *Abbotsford News* and the *Chilliwack Progress*.

December 2014

Glacier Media and Black Press exchanged 15 newspapers.

Glacier Media received

19. <i>Tri-City News</i>	free 2Xweek	Vancouver	53,062	
20. <i>Burnaby NewsLeader</i>	free 2Xweek	Vancouver	45,596	closed 9/15
21. <i>Richmond Review</i>	free 2Xweek	Vancouver	46,754	closed 7/15
22. <i>New Westminster NewsLeader</i>	free 2Xweek	Vancouver	15,703	closed 9/15

Glacier already owned the *Tri-Cities Now* (closed 10/15), *Burnaby Now*, *Richmond News*, and *Royal City Record* in New Westminister.

Black Press received

23. <i>Nanaimo Daily News</i>	paid daily	Vancouver I.	3,918	closed 1/16
24. <i>Alberni Valley Times</i>	paid daily	Vancouver I.	3,088	closed 10/15
25. <i>Surrey Now</i>	free 2Xweek	Vancouver	117,579	merged 3/17
26. <i>Langley Advance</i>	free 2Xweek	Vancouver	40,122	weekly 3/15
27. <i>Maple Ridge Times</i>	free 2Xweek	Vancouver	30,387	merged 9/16
28. <i>Nanaimo Harbour City Star</i>	free weekly	Vancouver I.	27,795	closed 4/15
29. <i>Cowichan Valley Citizen</i>	free 2Xweek	Vancouver I.	23,679	
30. <i>Comox Valley Echo</i>	free 2Xweek	Vancouver I.	22,285	merged 4/17
31. <i>Campbell R. Courier-Islander</i>	free 2Xweek	Vancouver I.	17,127	closed 4/15
32. <i>Parksville Oceanside Star</i>	free weekly	Vancouver I.	16,243	closed 4/15
33. <i>Tofino-Ucluelet Westerly News</i>	free weekly	Vancouver I.	987	

Source: News Media Canada

Black Press already owned the *Surrey–North Delta Leader* (merged 3/17), the *Langley Times*, the *Surrey Peace Arch News*, the *Surrey Peace Arch News Daily* (closed 3/14), the *Maple Ridge–Pitt Meadows News* (merged 10/16), the *Nanaimo News Bulletin*, the *Cowichan News Leader Pictorial* (closed mid-2015), the *Campbell River Mirror*, *Comox Valley Record* (merged 4/17), and the *Parksville Qualicum Beach News*.

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