

# ***Conspiracy to commit murder? Canadian newspaper trades and closures, 2010-17***

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## **Abstract**

Newspaper companies in both Eastern and Western Canada have engaged in anti-competitive behaviour since 2010 by exchanging titles, increasingly through trades, and then closing them to create more lucrative local monopolies. This phenomenon reached its height in late 2017 when the country's two largest chains, Postmedia Network and Torstar Inc., traded 41 mostly Ontario titles and closed almost all of them. The chains claimed there was no collusion involved, but a Competition Bureau investigation reportedly found detailed memos and non-compete agreements. The British Columbia chains Black Press and Glacier Media also engaged in this type of consolidation in the first half of the decade without legal consequence. Including non-daily community newspapers, Black Press and Glacier Media closed or merged twenty-four of the thirty-three titles they exchanged from 2010-2014, or a competitor one of them already owned. While this would appear to be classic anti-competitive behaviour, their dealings went without investigation by the Competition Bureau. This points up the laxity of Canada's antitrust laws in dealing with newspaper mergers and takeovers.

**Keywords:** Newspapers, Postmedia Network, Torstar Inc., Black Press, Glacier Media, Competition Bureau, media competition.

## **Introduction**

The federal Competition Bureau signaled in early 2018 a change to its previously lax oversight of the newspaper industry, which could see a shift from policies which have led to ownership concentration levels among the highest in the world. A new Liberal government elected in late 2015 convened an inquiry early the following year into the state

of local news media as a result of industry consolidation during almost a decade of Conservative rule. The inquiry issued a report in mid-2017 calling for measures to halt the trend, but late that year the country's two largest newspaper chains traded forty-one titles and closed almost all of them, creating dozens of local monopolies. The dealings by Postmedia Network and Torstar Corp. prompted the Competition Bureau to launch an investigation (Krashinsky Robertson, 2017). It had been criticized for allowing industry dominant Postmedia, which was owned mostly by U.S. hedge funds, to take over the country's second-largest newspaper chain, Sun Media, in 2014. The president of Torstar insisted it and Postmedia had been "extraordinarily careful" not to share any knowledge about their plans for the properties. Postmedia CEO Paul Godfrey told CBC television:

*We did not have any idea what they were going to do and they didn't have any idea. We understand the ... legal rules involving collusion and you can ask anybody from Torstar, you can ask anybody from Postmedia. (Godfrey, quoted in Milstead, 2018)*

The Competition Bureau raided Postmedia and Torstar offices in early 2018, however, after documents submitted to the Ontario Superior Court reportedly detailed a written agreement called "Project Lebron" (Krashinsky Robertson, 2018). According to the documents, Postmedia and Torstar agreed not to compete for years in the markets they vacated and even on which workers, almost 300 in total, would be terminated. The investigation reportedly involved rare criminal provisions of the Competition Act that provide for penalties of up to \$25 million in fines and fourteen years in prison for conspiracy to reduce competition (Krashinsky Robertson, 2018). In late 2018, the Competition Bureau announced it had obtained a court order to compel one former and five current Torstar employees to be questioned under oath by investigators (Competition Bureau, 2018).

Swaps and closures similar to the Postmedia-Torstar deal had gone without challenge in British Columbia since 2010, however, which may set an important precedent for the Ontario trade and closures. This case study compares the Postmedia-Torstar transaction with the closure of community newspapers in B.C. after dealings between Glacier Media and Black Press from 2010-14. It analyses industry data and company financial statements in an effort to explain the elimination of newspaper competition in Canada since 2010.

## Literature Review

A seemingly inexorable trend to local monopoly has defined the newspaper industry for the past half century due to its inherently large economies of scale and high barriers to entry. Once a monopoly is achieved, advertising rates and circulation prices can be raised without fear of competition, resulting in increased profits (Lacy & Simon, 1993). As one economist who studied Canadian newspapers noted: "These price effects are so powerful that they provide ample motivation for the long and steady trend to newspaper mergers and takeovers" (Kerton, 1973, p. 605). Vigilant antitrust oversight is thus required to preserve competition in this industry, which is vital to political discourse, but that has historically been lacking in Canada (Edge, 2016a).

Recent newspaper industry consolidation in North America has been justified in large part by a persistent "death" narrative (Chyi, Lewis, & Zheng, 2012; Edge, 2014). Advertising revenues flowing to newspapers began to decline in the mid-2000s, and the trend accelerated with the 2008-09 recession. Print advertising revenues dropped by 63 percent at U.S. newspapers between 2006 and 2013, and by 36 percent at Canadian newspapers (Edge, 2014). Despite a resulting decline in their earnings, however, financial data showed that newspaper companies continued to enjoy healthy operating profit margins by making deep cost cuts (Edge, 2014; Edge, 2018; Herndon, 2015; Van der Burg & Van den Bulck, 2017). One 2012 study found that U.S. newspapers exaggerated the declines by creating "a false impression that the whole industry is 'dying' . . . when in fact they are doing well in small U.S. markets" (Chyi, Lewis, & Zheng, 2012, p. 316). The death of newspapers has nonetheless been assumed by many to be inevitable due to the closure of numerous titles and the bankruptcy of some major chains. The bankruptcies have invariably been a result of high levels of debt taken on in making pre-recession acquisitions, however, which owners were then unable to service with reduced earnings. The firms were otherwise profitable, and they continued to publish newspapers under reorganized, less indebted ownership (Edge, 2014).

Closures have often been attributed by owners to a lack of profitability, but such claims can rarely be verified because earnings for individual titles are not often available in company financial reports. Profitability can thus only be inferred from overall results, and it has

undeniably been falling in what was once among the most lucrative of all industries. A pattern of closures of competing titles to create more profitable monopoly markets, however, suggests possible collusion between owners to boost their bottom lines.

### Newspaper closures in Canada

The number of paid circulation daily newspapers in Canada was stable for decades at around 100 until the recession of 2008-09, when several minor titles fell by the wayside. The *Halifax Daily News*, that city's second-place newspaper, was closed in 2008 but was immediately resurrected as an edition of the free commuter tabloid *Metro* (Morrissey, 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, but 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 since 2010, however, helped to drop the number into the low 80s by 2016. News Media Canada data show that of the thirteen paid daily newspapers that were closed, merged, or changed publication frequency in Canada between 2010 and 2016, nine were published in B.C. and were owned by Black Press (six) or Glacier Media (three). (See Table 1)

**Table 1 – Daily Newspaper Closures in Canada 2010-16**

	Title	Prov.	Owner	Circulation*	Notes
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	Glacier Media	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 bought, sold, and traded newspapers back and forth in a series of transactions that were usually followed –

immediately or eventually – by the closure of competing titles. Glacier Media sold eleven newspapers to Black Press in 2010, including the 109-year-old *Nelson Daily News* and the 99-year-old *Prince Rupert Daily News*, both of which Black Press announced would be closed (Korstrom, 2010). It already owned two non-daily newspapers in the Prince Rupert area and the weekly *Star* in Nelson, which it soon began publishing twice weekly. Its CEO claimed the closed papers had lost more than \$1 million in 2009 and that Black Press had only bought them because Glacier insisted on selling the titles as a group (Hoggan, 2010; Korstrom, 2010). At the same time, former Black Press executive Don Kendall also purchased the *Cranbrook Daily Townsman* and the *Kimberley Daily Bulletin* from Glacier. Just over a year later, Black Press bought those titles from Kendall and converted them to thrice weekly publication. 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. (Trail Times, 2011).

In January 2014, Glacier closed the *Kamloops Daily News*, which it had acquired from Hollinger in 2006, saying it had been “unable to reduce expenses sufficiently for it to continue as a viable operation” (Kamloops Daily News, 2014). Black Press had sold its twice weekly *Kamloops This Week* in 2010 to Kelowna-based Aberdeen Publishing, with which it had often co-operated, sharing printing plants and reportedly even content (B.C. Reporter, 2012). With the closure of the *Daily News*, Aberdeen increased publication of *Kamloops This Week* to thrice weekly (O’Connor, 2015). A spokesman for industry group Newspapers Canada said its members were healthy despite the closure, as revenue had been stable in recent years (Lee, 2014).

In December 2014, Black Press and Glacier Media traded fourteen titles, with Black acquiring every newspaper it did not already own on Vancouver Island (pop. 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*, both of which were soon closed. Black Press already published the twice-weekly *Alberni Valley News*, and it closed the *Alberni Valley Times* the following October. As a result of the trade, Black Press owned all three Nanaimo newspapers: the weekly *Harbour City Star*, which it closed immediately; its own twice-weekly *News Bulletin*; and the *Daily News*, which it closed in early 2016. Glacier received three suburban Vancouver titles in exchange plus an undisclosed sum of cash (Bradshaw, 2014). The

Vancouver alt-weekly *Georgia Straight* noted the monopolistic nature of the deal:

*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)*

### **Community newspaper closures**

Their 2014 swap of newspapers was not the first time Black Press and Glacier Media had exchanged titles. They made their first trade in October 2013 when Black Press acquired the Fraser Valley community newspapers *Abbotsford/Mission Times* and *Chilliwack Times*, which it soon closed to create monopolies for its *News* titles in both markets. Glacier received four newspapers in return, including the *North Shore Outlook* in North Vancouver, where it also owned the *North Shore News* (Do, 2013). It closed the *Outlook* the following March, but not before turning it, according to the *Langara Journalism Review*, “into a vehicle heavy on ads and light on anything that resembles journalism” (Jonca, 2015). Glacier also closed several long-publishing community newspaper competitors it acquired from Black Press in the Vancouver suburbs. Noted *B.C. Business* magazine: “It is by now a familiar script. 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 2017, Black Press created one of Western Canada’s largest non-daily newspapers when it merged the 117,000 circulation *Surrey Now*, which it had acquired from Glacier in 2014, with its 82,000 circulation *Surrey Leader* as the twice-weekly *Surrey Now-Leader* (Tri-Cities Now, 2017). At the end of 2017, Glacier closed the weekly *Westender* it had acquired from Black Press in Vancouver, where it already owned the *Courier*. That brought to twenty the number of newspapers lost to closure or merger from the thirty-three which Glacier Media and Black Press had exchanged, either directly or through related parties. Four other newspapers one of them already owned were also closed after it acquired a competitor in the same market, for a total of twenty-four newspapers lost via closure or merger following their dealings. (See Table 2)

**Table 2 – Black Press and Glacier Media acquisitions**

	Status	Region	Year	Acquirer	Circ. <sup>1</sup>	Notes
1. <i>Trail Daily Times</i>	paid daily	Kootenay	2010	Black	5,002	
2. <i>Creston Valley Advance</i>	paid weekly	Kootenay	2010	Black	2,869	
3. <i>Fernie Free Press</i>	paid weekly	Kootenay	2010	Black	1,775	
4. <i>Grand Forks Gazette</i>	paid weekly	Kootenay	2010	Black	2,479	
5. <i>Nelson Daily News</i>	paid daily	Kootenay	2010	Black	3,300	closed 9/10
6. <i>Prince Rupert Daily News</i>	paid daily	North Coast	2010	Black	2,800	closed 7/10
7. <i>Quesnel Advisor</i>	free weekly	Interior	2010	Black	8,156	closed 7/10
8. <i>Cariboo Observer</i>	free weekly	Interior	2010	Black	9,940	
9. <i>100 Mile House Advisor</i>	free weekly	Interior	2010	Black	7,426	closed 7/10
10. <i>Coast Mountain News</i>	free weekly	North Coast	2010	Black	1,200	
11. <i>Cranbrook Townsman</i>	paid daily	Kootenay	2011	Black*	3,280	3Xweek 4/16
12. <i>Kimberley Daily Bulletin</i>	paid daily	Kootenay	2011	Black*	1,660	3Xweek 4/16
13. <i>North Shore Outlook</i>	free weekly	Vancouver	2013	Glacier	56,076	closed 3/14
14. <i>Vancouver Westender</i>	free weekly	Vancouver	2013	Glacier	39,730	closed 12/17
15. <i>South Delta Leader</i>	free weekly	Vancouver	2013	Glacier	16,600	closed 2014
16. <i>Bowen Is. Undercurrent</i>	paid weekly	Vancouver	2013	Glacier	926	
17. <i>Abbotsford-Mission Times</i>	free 2Xweek	Fraser Valley	2013	Black	45,409	closed 11/13
18. <i>Chilliwack Times</i>	free 2Xweek	Fraser Valley	2013	Black	30,550	closed 12/16
19. <i>Tri-City News</i>	free 2Xweek	Vancouver	2014	Glacier	53,062	
20. <i>Burnaby NewsLeader</i>	free 2Xweek	Vancouver	2014	Glacier	45,596	closed 9/15
21. <i>Richmond Review</i>	free 2Xweek	Vancouver	2014	Glacier	46,754	closed 7/15
22. <i>N. Westminster NewsLeader</i>	free 2Xweek	Vancouver	2014	Glacier	15,703	closed 9/15
23. <i>Nanaimo Daily News</i>	paid daily	Vancouver Is.	2014	Black	3,918	closed 1/16
24. <i>Alberni Valley Times</i>	paid daily	Vancouver Is.	2014	Black	3,088	closed 10/15
25. <i>Surrey Now</i>	free 2Xweek	Vancouver	2014	Black	117,579	merged 3/17
26. <i>Langley Advance</i>	free 2Xweek	Vancouver	2014	Black	40,122	weekly 3/15
27. <i>Maple Ridge Times</i>	free 2Xweek	Vancouver	2014	Black	30,387	merged 9/16
28. <i>Nanaimo Harbour Star</i>	free weekly	Vancouver Is.	2014	Black	27,795	closed 4/15
29. <i>Cowichan Valley Citizen</i>	free 2Xweek	Vancouver Is.	2014	Black	23,679	

30. <i>Comox Valley Echo</i>	free 2Xweek	Vancouver Is.	2014	Black	22,285	merged 4/17
31. <i>Campbell River Courier-Islander</i>	free 2Xweek	Vancouver Is.	2014	Black	17,127	closed 4/15
32. <i>Parksville Oceanside Star</i>	free weekly	Vancouver Is.	2014	Black	16,243	closed 4/15
33. <i>Tofino-Ucluelet News</i>	free weekly	Vancouver Is.	2014	Black	987	

1. average edition circulation  
Source: News Media Canada  
\* from Don Kendall

The annual industry count by the Canadian Community Newspaper Association, which recently merged with the Canadian Newspaper Association to form News Media Canada, shows there were only 10 fewer community newspapers in 2017 nationwide than in 2011. (Before then it counted only its member titles.) That means the industry actually expanded from 2011-17 except for the Glacier and Black Press closures, which makes the disappearance of B.C. community newspapers even more stark. (See Table 3)

**Table 3 – Community newspapers in Canada**

	Titles	Circulation (weekly)
2017	1,032	18,802,329
2016	1,060	19,454,115
2015	1,083	20,973,352
2014	1,040	20,577,994
2013	1,019	19,612,930
2012	1,029	19,736,168
2011	1,042	19,312,842

Source: News Media Canada

## **The 2017 closures**

Following the June 2017 Parliamentary report on local news, the newspaper industry bid for a billion-dollar bailout, which the government quickly rejected. Godfrey had warned the Heritage ministry hearings that without government assistance, Canada's newspaper industry would get "uglier" (Bradshaw, 2016). The bailout rejection was followed within months by Postmedia and Torstar trading forty-one newspapers and closing almost all of them. Most of the titles were small market community newspapers in Ontario, but they also included *24 Hours* commuter dailies in Winnipeg and Vancouver and *Metro* commuter dailies in Ottawa and Winnipeg, all of which were closed. Postmedia acquired 22 community papers and the



two *Metro* dailies from Torstar and announced the closure of them all. Torstar acquired 15 community papers and the two *24 Hours* titles from Postmedia and announced the closure of all but four, including the paid dailies *Barrie Examiner*, *Orillia Packet and Times*, and *Northumberland Today* (Jackson, 2017). That brought the number of paid circulation dailies in Canada to 80 and the number of free circulation dailies to 10 (News Media Canada, 2018).

### Financial considerations

Postmedia, Torstar, and Glacier were public companies whose shares traded on stock exchanges, so they were required by law to issue quarterly financial reports. Postmedia was mostly owned by U.S. hedge funds which acquired it out of bankruptcy in 2010 and also hold hundreds of millions of dollars in company debt, the payments on which have necessitated continual cost cutting, including the mass layoff of journalists. As a result of this arrangement, Postmedia shares are almost worthless and rarely trade. Shares in Torstar and Glacier dropped considerably in price during the 2008-09 recession and have since stagnated in value. 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 3)

**Table 4 – Glacier Media earnings**

	Revenues (millions)	Earnings* (millions)	Profit Margin (%)
2017	191	16.5	8.6
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

\*\* bought 21 B.C. newspapers from Postmedia Network on Oct. 11, 2011

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 performance. Because it was partly owned by publicly-traded Torstar, however, its earnings could be inferred from Torstar's financial reports. Torstar reported in its annual reports the earnings it received from its 19.35 percent ownership in Black Press. The total earnings of Black Press could thus be calculated by multiplying Torstar's share of its earnings by 19.35 percent. (See Table 4)

**Table 5 – Black Press earnings (millions)**

2017	-\$29.4
2016	\$28.9
2015	\$15.5
2014	\$20.1
2013	\$28.3
2012	\$20.1
2011	\$17.0
2010	\$17.0
2009	\$12.9

Source: Calculated from Torstar Corp. annual reports

The large loss uncharacteristically recorded for 2017 suggests that earnings from Black Press are presented in Torstar annual reports after the deduction of extraordinary losses, which are typically deducted to account for a reduction in asset value. Without knowing the magnitude of these “paper” losses, it is thus impossible to gain a complete picture of the company's financial health.

Torstar, the publisher of Canada's largest daily newspaper, *The Toronto Star*, also owned one of the country's largest community newspaper chains, Metroland Media Group Ltd, and a handful of other daily newspapers, including the *Hamilton Spectator* (News Media Canada, 2017). Until 2014, Torstar also owned the highly profitable Harlequin book publishing company, which specialized in romance novels.

**Table 6 – Torstar earnings**

	Revenues (millions)	Earnings* (millions)	Profit margin %
2017	691	74.2	10.7
2016	762	60.5	7.9
2015	843	66.8	7.9
2014**	904	101.7	11.2
2013	1,308	161.9	12.4

2012	1,485	207.7	14.0
2011	1,548	242.2	15.6
2010	1,483	250.3	16.8

\* before interest, taxes, depreciation and amortization

\*\* Torstar sold its Harlequin book publishing division Aug. 31, 2014

Source: Company annual reports

Torstar's financial results can be better understood by examining its business segments. From 2013-16, Metroland operated as a separate division of Torstar alongside its Star Media Group and a smaller Digital Ventures division, which it started in 2015. In 2017, however, Torstar reorganized with a Daily Brands division that included the *Star* and its six other paid dailies, plus its StarMetro chain of free commuter dailies and its Sing Tao chain of Chinese-language dailies. Its more than 80 weekly community newspapers were placed in a new Community Brands division, which also included several digital properties, such as homefinder.ca, flyer distribution operations, specialty publications, directories, and consumer shows. As a result, segmented operations prior to 2017 are not directly comparable to its latest results, except for a like-for-like comparison to 2016 provided in the company's 2017 annual report, as follows.

**Table 7 – Torstar segments 2016-17 (millions)**

	Community revenues	Community earnings*	Profit margin	Daily revenues	Daily earnings*	Profit margin	Digital revenues	Digital earnings*	Profit margin
2017	304	31.5	10.4%	315	26.4	8.4%	72	27	37.5%
2016	332	35.8	10.8%	355	7.4	2.1%	74	27.2	36.7%

\* before interest, taxes, depreciation and amortization

Source: Company annual reports

**Table 8 – Torstar segments 2013-16 (millions)**

	Metroland revenues	Metroland earnings*	Profit margin	Star revenues	Star earnings*	Profit margin	Digital revenues	Digital earnings*	Profit margin
2016	407	42.5	10.4%	280	0.74	0.26%	74	27.2	36.7%
2015	447	48.9	10.9%	343	18.4	5.3%	53	11	20.7%
2014	484	68.0	14.0%	420	49.5	11.8%			
2013	510	70.9	13.9%	474	59.9	13.6%			

\* before interest, taxes, depreciation and amortization

Source: Company annual reports

**Table 9 – Torstar segments 2010-13 (millions)**

	Media revenues	Media earnings*	Profit margin	Book revenues	Book earnings*	Profit margin
2013	984	130.8	13.3%	398	56.3	14.1%
2012	1,059	144.7	13.7%	426	76.9	18.1%
2011	1,089	171.7	15.7%	459	86.1	18.7%

2010	1,015	176.2	17.3%	468	88.1	18.8%
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\* before interest, taxes, depreciation and amortization

Source: Company annual reports

Revenues from its newspaper divisions have dropped sharply since peaking in 2011. Revenues from Torstar's Metroland division fell by a quarter from 2013-16, and revenues from its Community division fell another 10 percent in 2017. Star revenues fell 10 percent a year on average between 2013 and 2016, a year in which its profit margin was a tiny 0.26%. Revenues of its new Dailies division fell another 11 percent in 2017. One reason for the recent declines may have been the investment of an estimated \$40 million in a tablet edition starting in 2015 which failed to gain widespread adoption and was abandoned in 2017 (Rendell, 2017).

Postmedia is the largest and most controversial of Canada's newspaper chains, as it is mostly owned by U.S. hedge funds which also hold most of its high-interest debt and are thus keeping for themselves a large percentage of company earnings every month. The former family-owned Southam chain, which was taken over by Conrad Black's Hollinger Inc. in the 1990s and sold to Canwest Global Communications in 2000, was acquired by the hedge funds when the latter went bankrupt in 2009. In 2016, it owned fifteen of the twenty-two largest English-language dailies in Canada, including eight of the nine largest in the three westernmost provinces (Edge, 2016b).

**Table 10 – Postmedia earnings (millions)**

	Revenues	Earnings*	Profit margin %
2018	676	65.4	9.7
2017	754	54.6	7.2
2016	877	82.3	9.4
2015**	750	111.4	14.8
2014	674	109.5	16.2
2013	751	130.4	17.3
2012***	831	111.3	13.3
2011	1019	201.1	19.1
2010	1052	128.8	12.2

\* before interest, taxes, depreciation and amortization for the fiscal year ended Aug. 31

\*\* bought 170 newspapers from Sun Media on Oct. 6, 2014

\*\*\* sold 21 B.C. newspapers to Glacier Media on Oct. 11, 2011

Postmedia's revenues have followed the same downward trend as other Canadian newspaper companies, but its debt situation has forced it to engage in some questionable business practices.

These have included merging the newsrooms at its duopoly dailies in Vancouver, Calgary, Edmonton, and Ottawa, despite promising not to upon acquiring several competing titles in its 2014 purchase of Sun Media.

## **Conclusions**

Newspaper companies everywhere have been forced by falling revenues to take drastic measures to keep their heads above water, including cost cutting and consolidation, but they have proved remarkably resilient and thus continue publishing. Publicly-traded newspaper companies have been found to engage in short-term decision making because their investors tend to focus on stock price movement and quarterly earnings (Cranberg, Bezanson, & Soloski, 2001). Because Glacier Media and Torstar were publicly-traded companies, the drop in their profit margins likely exposed them to such short-term pressures. This could have provided sufficient incentive for them to engage in the trades and closures seen, especially after the Competition Bureau failed to challenge Glacier's 2010-14 dealings with Black Press. While Black Press was not publicly traded, it had a minority partner whose financial expectations it had to consider. Postmedia, whose shares rarely traded due to its ownership arrangement, was subject to intense bottom-line pressure due to its heavy debt. The earnings of all companies increased after the closures, which suggests they were strategic and designed to improve their bottom lines.

It would not be the first time collusion had been seen in the Canadian newspaper industry. Sotiron (1992, p. 26) chronicled such behaviour a century ago. "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." Collusion with a corporate competitor is supposed to be illegal, yet until 2018 the behaviour outlined in this case study did not result in enforcement action by the Competition Bureau despite a pattern of behaviour by the chains that suggests they colluded on a trade-and-close strategy. A 2006 Senate report on news media accused the Competition Bureau of nothing less than "neglect" for failing to curb concentration of its ownership (Canada, 2006, p. 15). It recommended changes to the Competition Act to treat mergers and acquisitions of media firms differently than those in other industries, and the 2017 Heritage ministry report on local

news provision renewed that recommendation (Canada, 2017). The Postmedia-Torstar dealings likely present the Competition Bureau with one last chance to show it can be an effective antitrust regulator in the newspaper industry.

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