



**NEWSPAPER OWNERSHIP IN CANADA:
AN OVERVIEW OF THE STUDIES OF THE
DAVEY COMMITTEE AND THE KENT COMMISSION**

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CANADA

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NEWSPAPER OWNERSHIP IN CANADA: AN OVERVIEW OF THE STUDIES OF THE DAVEY COMMITTEE AND THE KENT COMMISSION

INTRODUCTION

The last fifty years have been a period of considerable change and adaptation for the Canadian newspaper industry. In the 1950s and 1960s, there was a widespread tendency toward merger and monopoly fuelled by increased competition for advertising revenues. In parallel, the rapid penetration of television into Canadian homes prompted newspapers to adapt by introducing more background stories, features and visual images. Most notable for the industry during this period, however, was the gradual concentration of newspaper ownership, which prompted an overall decline in competition in the Canadian market.⁽¹⁾

In 1911, there were 143 daily newspapers in Canada; there have never been as many since. Closures in towns, small cities and eventually larger cities have created numerous “one paper” communities. For this reason, the concentration of newspaper ownership in Canada has twice been the focus of a high-level study: in 1970, the Senate tabled a report by the Special Senate Committee on Mass Media (the Davey Report), and in 1981 the subject was reviewed by the Royal Commission on Newspapers (the Kent Commission). The reports of both studies asked whether a more concentrated newspaper industry unreasonably restricts the availability of diverse viewpoints on given issues, and both examined whether excessive concentration in this area is a threat to the quality and characteristics of Canadian journalism, particularly the availability of Canadian content.

This document presents an overview of key aspects of these two reports as well as their principal recommendations related to newspaper ownership. A chronology of newspaper industry events and issues since 1970 is also provided.

(1) For the purposes of this discussion, *concentration* of newspaper ownership refers to group ownership of properties within the same medium.

A. The Davey Report (1970)

In 1969, Senator Keith Davey, an advertising executive and Liberal party publicist with a strong personal and professional interest in news media, persuaded the Senate to establish a special committee to investigate the mass media in Canada, particularly with respect to their influence and concentration of ownership. Although the report dealt with all media, it focused extensively on print journalism, an industry previously unregulated by the federal government.

“What matters,” explained the Committee’s report, “is the fact that control of the media is passing into fewer and fewer hands, and that experts agree that this trend is likely to continue and perhaps accelerate” (Vol. 1: 6). The Committee held that “this country should no longer tolerate a situation where the public interest in so vital a field as information [is] dependent on the greed or goodwill of an extremely privileged group of businessmen” (Vol. 1: 67).

A major recommendation of the Davey Report was for the establishment of a Press Ownership Review Board that would have the power to approve or reject mergers between, or acquisitions of, newspapers and periodicals. It was to use one basic guideline: “*all transactions that increase concentration of ownership in the mass media are undesirable and contrary to the public interest - unless shown to be otherwise*” (italics in original; Vol. 1: 71).

The Report recognized three types of concentration: newspaper chains, mixed-media holding companies and conglomerates with some media holdings. However, even though the potential existed for some review of mixed-media concentration involving magazines and newspapers, the proposed Review Board would have been limited primarily to the examination of print media ownership (both dailies and weeklies).

In describing the criteria for the proposed Review Board, the Davey Report noted that they would be “of a fairly subjective nature” (Vol. 1: 72), but that beyond this broad guideline “it would be up to the Board to define its own criteria of the public interest.” To this end, any definitions of the public interest were to “include consideration of (a) whether the proposed merger would lengthen the odds on the survival of a newspaper that might otherwise die; and (b) what would likely happen to the editorial character of the newspaper to be purchased, in view of the publisher’s past performance ... [and] *in relation to the profits they [would] generate*” (italics in original; Vol. 1: 73).

Despite the Davey Report's emphasis on the risks of concentrated newspaper ownership, the issue was largely ignored by the government of the day. Because some publishers were worried that the government would take action, however, provincial councils were established in Ontario, Quebec and Alberta in the early 1970s, followed by councils in the Atlantic provinces and British Columbia in the 1980s.

According to some industry analysts, however, these bodies are merely "pale shadows" of what the Davey Report envisioned (Miller, 1998: 43). None has drafted a comprehensive code-of-conduct for the press and most do not undertake their own investigations, instead dealing with public complaints on a case-by-case basis. Furthermore, none plays a proactive role in training, research or development and very little effort is made to use these associations to establish a dialogue between the press and the public.

On 9 May 1990, two decades years after the tabling of the Report of the Special Committee of the Senate on Mass Media, Senator Keith Davey again spoke in the Senate on the question of media concentration in Canada. He observed that the Committee had focused on three major concerns: concentration, quality and Canadian cultural survival. "Our first and primary concern ... was the concentration of media ownership, especially the concentration of print ownership. Here the situation, I'm sorry to say, in the last 20 years has gone from bad to worse..." (The Senate, *Debates*, 9 May 1990: 1589). To support this claim, Senator Davey cited group ownership of daily newspapers, noting that, between 1970 and 1989, media concentration had increased from 45% to 57%. Notwithstanding the growth and influence of television, he argued that "print still orders society's agenda. True, it is television which defines how we respond to those items on the agenda, but it is still print which lines them up."

B. The Kent Commission (1981)

In the years following the release of the Davey Report, the Committee's forecast of increased newspaper concentration in the Canadian market became a reality. Numerous closings of newspapers took place in Quebec (*Montréal-Matin*, *Montreal Star*), Quebec City (*L'Action* and *Chronicle-Telegraph*), Winnipeg (The *Tribune* owned by Southam), and Ottawa (the *Journal*, owned by Thomson). Meanwhile, Thomson merged its newspapers in Victoria into a single daily, the *Times-Colonist*.

The Winnipeg and Ottawa closings (both on 27 August 1980) eliminated direct competition between Canada's two largest newspaper groups in those cities and prompted the federal government to appoint a Royal Commission on Newspapers, with Tom Kent, a former newspaper editor, civil servant and academic as chair. Created by an order-in-council within a week of the closings, the Kent Commission was the first Canadian inquiry directly concerned with the nature of the newspaper industry. The Commission collected a vast amount of information on newspapers and journalism in Canada and its nine-volume report remains to this day a key guide to the structure and operation of Canada's newspaper sector.

1. Key Findings

Because it was the feeling of the Kent commissioners that Canada's newspaper industry had drifted into a situation that was "clearly and directly contrary to the public interest," a series of studies were undertaken to examine the:

- a. extent of ownership across Canada;
- b. responsibility of the newspaper industry to the public;
- c. how the newspaper industry carried on business,
- d. functioning of the newsroom;
- e. Canadian news service agencies;
- f. quality of public affairs reporting;
- g. quality of journalism;
- h. industry's performance as a whole; and
- i. future of the newspaper industry.

The Commission did not mince words in its discussion of the **extent of newspaper ownership in Canada**. It opened its report by stating: "Concentration engulfs Canadian daily newspaper publishing. Three chains control nine-tenths of French-language daily newspaper circulation, while three other chains control two-thirds of English-language circulation" (1981: 1). The Commission analyzed many of the economic reasons that had prompted such a high level of monopoly and concentration in the Canadian newspaper industry. In doing so, it recognized that "chain operation produce good newspapers and bad ones" and that there were differences between the chains. It also conceded that "some arguments, chiefly with

respect to financial stability, can be made for chain newspapers” (1980: 177). It could find little justification, however, for cross-ownership; that is, the ownership of newspaper chains by conglomerates with major interests in other sectors.⁽²⁾

With respect to the **responsibility of the newspaper industry to the public**, the Commission concluded that the profession’s primary responsibility was “searching out and reporting the truth.” As the Commission explained, there was a spectrum of opinion among management and ownership, at one end of which was the concept of the newspaper as a business and at the other end of which was the concept of the social responsibility of the press to seek and report the truth. The Commission further concluded that journalists place social responsibility foremost and that the reading public is generally satisfied with the state of their newspapers.

The report’s examination of how **the newspaper industry carried on business** looked at the relationship between the nature of ownership and the owner’s view of the newspaper’s duty to the public, and the extent to which ownership affected the percentage of newspaper income reinvested in editorial content. The Commission concluded that most conglomerate owners tended to spend a smaller percentage of their newspaper income on editorial content.

The Commission’s study of the **functioning of the newsroom** assessed how, and the system within which, journalists were working. The report was critical of the system and suggested that it was driving good journalists out of the profession because of inadequate pay, failing to train newsroom managers properly, and sometimes prioritizing economic considerations at the expense of responsible journalism.

With respect to the **Canadian news service agencies**, the Commission concluded that the Canadian Press was functioning well within the constraints placed upon it by its member newspapers. These constraints included: insufficient funding, lack of staff, an inadequate emphasis on investigative journalism, inadequate French-language service, insufficient foreign coverage, and a lack of direction from management. The report generally praised smaller news services such as Southam, United Press Canada and Thomson, but was unsure that they would survive in the wake of so many newspaper closures and mergers.

(2) For the purposes of this discussion, *cross-ownership* refers to the ownership of various types of communications media, whether print or electronic, by one owner, typically in one community or region.

In the area of **public affairs reporting**, the Commission concluded that, in general, the public believed that the quality of political journalism had declined and that diverse interests were not as well represented as they had previously been.

The Commission also discussed some methods whereby the **quality of journalism** might be improved. It recommended press councils, ombudsmen, schools of journalism, and professional development programs for journalists and concluded that a stronger public desire for good quality journalism had arisen since the time of the Davey Report in 1970.

Finally, the Commission concluded that the growth of electronic publishing and telecommunication information systems and the rapid development of the electronic media could present a critical problem for the **future of the newspaper industry**. It called for both the newspaper industry and Canada as a whole to develop adequate programs for taking advantage of developments in electronic news technology.

2. Key Conclusions and Recommendations

In the final analysis, the authors of the Kent Commission Report argued that “industrial conglomerates produce poor newspapers”(1980: 177). They further noted that: “The press, which assumes a licence to criticize every other institution, is the least open of any to criticism of its own performance ... [and] is singularly reluctant not only to accept criticism and acknowledge error, but even to justify its own conduct when it believes itself to be in the right” (1980: 175). With these considerations in mind, the Commission proposed several recommendations designed to rectify this situation.

a. Ownership and Divestment

In the area of ownership and divestment, the Commission proposed legislation to:

- prohibit the expansion of existing chains owning or controlling five or more daily newspapers;
- prohibit any future chain from acquiring more than five papers;
- prevent a conglomerate from purchasing a daily newspaper by prohibiting purchases where the value of the purchaser’s non-newspaper assets exceeded the value of the newspaper;
- prohibit ownership of newspapers and radio or television stations where 50% or more of the radio/television market was within the paper’s market;

- require the break-up of regional monopolies, such as that of the Irving family in New Brunswick, by prohibiting the ownership of two or more newspapers having 75% or more of the circulation, in one language, in a defined geographical area;
- prohibit ownership of both a daily newspaper published in more than one province and any other daily newspaper (thus requiring Thomson to sell either the *Globe and Mail* or all of its other newspapers);
- allow a minimum of five and a maximum of ten years from proclamation of the legislation for divestiture of newspapers whose ownership became illegal on proclamation;
- create an administrative agency (the Press Rights Panel) which would apply the ownership and divestiture rules and have the power, in certain areas, to permit exceptions to them;
- allow a minimum of five and a maximum of seven years for any subsequent divesting order made by the Press Right Panel;
- require any paper intending to close down to publish notice of that intention and thereafter not to close down until after the expiration of a defined period;
- prohibit the sale of assets of any paper intending to close operation until the ownership had satisfied the Press Rights Panel that there was no economically viable offer that would allow the paper to continue as a going concern.

b. Editorial Independence

The Commission proposed that all daily papers other than those qualifying as “individual” papers should employ their managing editors under a written contract guaranteeing their editorial independence from the newspaper publisher.⁽³⁾ This contract would give the managing editor (acting within the budget set by the owner) full responsibility for:

- editorial policy within the parameters of the newspaper’s principles and objectives as set out in the contract;
- editorial expenses;
- the content of the newspaper (excluding advertising); and
- labour relations, including the hiring and firing of employees.

(3) Individual papers were defined as papers owned by proprietors for whom newspaper assets represented 50% or more of their business assets.

The proposed contract would also have given the managing editor the right to comment adversely on the activities of the owners and any associates, and prohibited the proprietor from attempting to override the managing editor's judgement as to what could be published.

c. Tax Breaks and Investment Incentives

The Commission proposed that tax breaks be offered to:

- investors seeking to start newspapers;
- investors seeking to acquire newspapers made available through a divestiture order;
- investors seeking to acquire newspapers facing closure; and
- newspapers meeting a defined ratio of editorial to non-editorial expenditures, with surcharges imposed on newspapers that failed to meet such ratios;

The Commission also proposed that grants be offered to Canadian wire services in order to encourage the expansion of Canadian and international activities.

d. The Press Rights Panel

Echoing the Davey Report's vision of a Press Ownership Review Board, the Commission proposed a Press Right Panel to oversee the Canadian newspaper industry. This Panel would have been an independent agency reporting to Parliament through the Minister of Justice, and would have had the powers of a superior court of record. As such, it would have been empowered to determine whether any proposed purchase of a newspaper or creation of a new newspaper was permissible or whether divestiture was necessary.

3. Reaction to the Kent Committee Report

Reactions to the recommendations of the Kent Royal Commission on Newspapers were vociferous in many circles. In particular, newspaper publishers were vehemently opposed to the creation of the proposed Press Rights Council, suggesting that this would merely pave the way for government control of a free press. Furthermore, many attacked the Commission's methodology, particularly because it had not answered a basic question: "Are chain-owned monopoly newspapers worse than the old individually owned competitive

newspapers?”(Desbarats, 1996: 79). Given this fundamental flaw, the Kent Commission’s report soon faded from the public eye.

Though some recommendations did reach the stage of draft legislation under the Liberal government of Prime Minister Trudeau, most of these disappeared because of strong opposition in the House and the election of Prime Minister Mulroney’s Conservative government in 1984. The only notable exception was a 1982 government instruction to the Canadian Radio-television and Telecommunications Commission (CRTC) to deny new broadcasting licences or renewals to applicants who owned daily newspapers in the same market. This directive, however, allowed for exceptions “in the public interest”; in the course of its enactment - until its withdrawal by the Mulroney government – this exception was applied to nearly every case heard by the Commission.

CONCLUSION

Both the Davey Report and the Kent Commission examined a question that goes far beyond the issue of newspaper ownership in Canada. Throughout the 1990s, monopoly ownership and the concentration of ownership into fewer and fewer hands have increased in all communications sectors. This situation, which is hardly unique to Canada, is partly the result of economic circumstances that prioritize reduced competition – and therefore risk – in order to increase profit margins. It is also partly due to societal and government reluctance to intervene in the operation of the free market economy and the so-called “free press.” However, as the Kent Commission noted in its 1981 report:

In a country that has allowed so many newspapers to be owned by a few conglomerates, freedom of the press means, in itself, only that enormous influence without responsibility is conferred on a handful of people. For the heads of such organizations to justify their position by appealing to the principle of freedom of the press is offensive to intellectual honesty. (1981: 217)

Thus, the ongoing trend toward concentration and chain ownership means that the link between newspaper ownership and content continues to require clarification. At the same time, given that previous federal studies – particularly the Kent Commission – were largely undermined by a lack

of reliable quantitative data, any new examination of this matter would require substantive research. Indeed, without a stronger grasp of the complex array of economic, social, cultural and technological factors that make up today's communications media, it would be difficult for today's policy makers to determine whether federal intervention in newspaper ownership would be warranted.

CHRONOLOGY

- 1970 - The Report of the Special Senate Committee on Mass Media (the Davey Committee)
- 1971 - *Toronto Telegram* closed. *Toronto Sun* established.
- 1973 - Quebec City *L'Action* closed.
- 1978 - *Edmonton Sun* established.
- December 1978 - *Montréal Matin* closed.
- September 1979 - *Montreal Star* closed.
- January 1980 - Thomson acquired control of *FP Publications*.
- April 1980 - Thomson acquired remaining outstanding shares of *FP*.
- June 1980 - Thomson bought one-third ownership of *The Gazette* (Montreal) from Southam.
- July 1980 - Thomson sold *Calgary Albertan* to the *Toronto Sun*. *Albertan* reappeared as *Calgary Sun*.
- August 1980 - Thomson merged *Victoria Times* and *Victoria Colonist* to form *Victoria Times-Colonist*.
- Thomson closed *Ottawa Journal*.
 - Southam closed *Winnipeg Tribune*.
 - Southam acquired sole ownership of *Vancouver Sun* and *Vancouver Province* by buying out Thomson.
 - Southam acquired sole ownership of *The Gazette* by buying out Thomson.
 - Thomson closed *FP News Services*.
- September 1980 - Royal Commission on Newspapers (the Kent Commission) established.
- April 1981 - Charges laid against Thomson Newspapers and Southam Inc. under the *Combines Investigation Act* alleging, among other matters, breaches of s. 33 through merger or monopolistic conduct.
- 18 August 1981 - Royal Commission on Newspapers Report released.
- 25 May 1982 - In an address at the University of Western Ontario School of Journalism, the Minister responsible for the Kent Commission, the Honourable James Fleming, set out the government's position on the newspaper industry.
- 26 May 1982 to 10 Many newspaper publishers and editorial writers criticized the announced

- June 1982 - government policy on the newspaper industry as interfering with freedom of the press.
- 7 June 1982 - Tom Kent, former chairman of the Royal Commission on Newspapers, criticized the government's policy on the newspaper industry for not dealing effectively with existing conglomerate ownership of the media.
- 29 July 1982 - The Governor in Council issued a direction under s. 22(1)(a)(iii) of the *Broadcasting Act* that the CRTC not grant new or renew broadcasting licences to applicants who already owned a daily newspaper in the same market area. The CRTC could, however, grant a licence in such circumstances if the over-riding public interest so dictated.
- 22 September 1982 - In an address to the Annual Meeting of the Canadian Daily Newspaper Publishers' Association in Vancouver, the Minister responsible for the Kent Commission, the Honourable James Fleming, reiterated the government's policy on the newspaper industry first unveiled on 25 May 1982. He said legislation was being prepared and would be mentioned in the next Throne Speech.
- 11 January 1983 - The establishment of a Press Council was announced in Halifax by 10 publishers of daily newspapers in the Atlantic region. Press Councils already existed in Alberta, Ontario and Quebec.
- 15 February and 1 March 1983 - The CRTC held public hearings on 15 February 1983 in Fredericton, New Brunswick, and on 1 March 1983 in Hull, Quebec, pursuant to the direction issued to it on 29 July 1982. It considered the cross-media ownership issue in studying broadcasting licence renewal applications from St. John, Campbellton and Moncton, New Brunswick (Irving interests), Belleville, Ontario (Thomson interests), and London and Wingham, Ontario (London Free Press Printing Company).
- 30 March 1983 - In an interview, Gordon Fisher, President of Southam, stated that proposed federal legislation restricting concentrated media ownership could lead his company to reconsider its corporate policy against newspaper acquisitions outside Canada.
- 24 May 1983 - The CRTC held a public hearing in Calgary, Alberta, pursuant to the direction issued to it on 29 July 1982, to consider the cross-media ownership issue in studying broadcasting licence renewal applications from Calgary, Edmonton, and Lethbridge (Maclean-Hunter, Selkirk Communications and Southam interests).
- 3 June 1983 - A Press Council was established in British Columbia. It is made up of a Chairman, four representatives of daily, weekly and community newspapers, and four representatives from outside the newspaper industry.
- 6 July 1983 - The Honourable James Fleming, the Minister responsible for the implementation of the Kent Commission recommendations, released a proposed Daily Newspaper Act which contained the following major provisions:
1. No one would be able to control newspapers with an aggregate of more than 20% of all daily circulation – this legislation would not have retroactive effect.
 2. Any non-media company acquiring or establishing a daily newspaper would have to demonstrate to the Restrictive Trade Practices Commission that any such newspaper would be managed independently of the non-media company's other interests.

3. A 52-member Canadian Daily Newspaper Advisory Council representative of publishers, journalists and the general public in all regions of Canada would be established to complement existing provincial press councils and to report periodically on the state of the newspaper industry in Canada.
 4. A five-year matching grant program would be set up to enable daily newspapers to establish out-of-province and foreign bureaux.
- 11 and 17 August
7 September 1983 - Having completed its public hearings on cross-media ownership, the CRTC rendered decisions renewing broadcast licences held by Irving interests, Thomson interests, the London Free Press Printing Company, MacLean-Hunter, and Selkirk Communications and Southam interests.
- 9 December 1983 - Charges against Thomson Newspapers and Southam Inc. under the *Combines Investigation Act* provisions on mergers and monopolistic conduct were dismissed by Mr. Justice Anderson of the Ontario Supreme Court.
- 21 December 1983 - In an interview, Consumer and Corporate Affairs Minister Judy Erola stated that a national voluntary press council and tougher competition legislation would accomplish many of the goals set out in the proposed Daily Newspaper Act (with which the government would probably not proceed).
- 28 February 1984 - The Crown decided not to appeal the dismissal of charges against Thomson Newspapers and Southam Inc.
- 12 March 1984 - Bill C-226, a Private Member's bill entitled the Daily Newspaper Act, received first reading in the House of Commons under the sponsorship of the Honourable James Fleming.
- 17 April 1984 - Bill C-226 was talked out after second reading debate.
- 4 May 1984 - At a meeting of the Ontario Press Council, Judy Erola, federal Minister of Consumer and Corporate Affairs, promised that the government would treat Canada's newspaper industry "as it would any other with regard to concentration of ownership."
- 30 July 1984 - The Federal Court of Appeal ruled that the federal Cabinet was within its rights to tell the CRTC to refuse renewal of broadcast licences to station owners who controlled newspapers in the same market.
- 10 August 1984 - All English-language newspapers in Ontario agreed to join the Ontario Press Council to deal with public complaints about newspapers in the province.
- 15 November 1984 - In a *Globe and Mail* interview, Tom Kent, Chair of the Royal Commission on Newspapers referred to his 1981 report addressing the concentration of ownership in the Canadian newspaper industry as an "autopsy" and conceded that the report was effectively dead.
- 15 January 1985 - United Press Canada Ltd., the sole competitor of the Canadian Press news service, announced that it would close on 31 January after being sold to its rival.
- 26 August 1985 - A \$220-million share swap took place between Southam Inc. and Torstar Corp., constituting a partial merger and further concentration of major players in Canada's newspaper industry.

- 18 April 1986 - Further concentration in the Canadian media was prevented when the CRTC rejected a bid by Power Corp. of Canada - the owner of four French-language newspapers - for Télé-Metropole Inc. - the operator of Quebec's TVA television network - on the grounds that the company would thereby gain too much influence over the Quebec media.
- 27 May 1987 - Hollinger Inc., widened its hold on newspapers by taking control of Unimedia Inc., a Montreal-based publisher of dailies in Quebec City, Ottawa and Chicoutimi, Quebec.
- 31 May 1987 - The Parti Québécois called for a law imposing Quebec ownership on the Unimedia Inc. purchase by Hollinger Inc..
- 30 October 1987 - Southam Inc., purchased Brabant Newspapers Ltd., publisher of eight weekly newspapers in the greater Hamilton and St. Catharines areas.
- 20 September 1988 - Conservative MP Minister Sinclair Stevens, alleging that newspapers were being used as "cash cows" to finance other acquisitions, called for a renewed investigation of newspaper ownership in Canada.
- 15 May 1990 - The House of Commons Communications Committee voted unanimously to hold hearings to examine the effect of corporate concentration on the Canadian print media following Southam Inc.'s takeover of several suburban weekly newspapers in the Vancouver area.
- 29 June 1990 - Southam Inc. and Torstar Corp.'s five-year old corporate share alliance was terminated, fuelling speculation among industry analysts that the newspaper concentration issue could be resolved.
- 30 November 1990 - The federal Bureau of Competition Policy began consideration of an application under the merger provisions of the *Competition Act* regarding Southam Inc.'s acquisition of two Vancouver-area community weeklies in a region where it already owned two daily newspapers. The Director concluded that the acquisition of two community newspapers had resulted in a substantial lessening of competition in the print retail advertising markets served by these papers.
- 2 June 1992 - The federal Competition Tribunal rejected submissions that Southam Inc.'s 1990 purchase of the *Vancouver Courier* and the *North Shore News* had created a stranglehold on advertising in that region, thereby overturning an earlier decision that instructed Southam Inc. to divest itself of these acquisitions.
- 10 December 1992 - The federal Competition Tribunal ruled that Southam Inc. must sell either the *North Shore News* or *Real Estate Weekly*, a 14-edition chain of real estate papers, arguing that common ownership of these newspapers lessened competition in the print real estate advertising market in Vancouver's North Shore area.
- January 1993 - Hollinger made a 22.5% investment in Southam Inc. (diluted to 18.7% in March). The Competition Bureau reviewed the transaction to determine whether there was a substantial prevention/lessening of competition in any market. The Director concluded that the transaction would not increase the degree of overlap between Southam Inc. and Hollinger in any geographic area or market in Canada.

- 6 May 1996 - The Director of the Competition Bureau, George Addy, appearing before the Standing Committee on Industry, discussed the difficulty of applying the *Competition Act* to issues such as editorial control and diversity of opinion. He explained: “the Kent Commission recognized that it had to be done through special legislation. The United Kingdom has adopted special legislation dealing with the acquisition of interests in newspapers, and so on. As far as I’m concerned, under the Act, my responsibility covers the various aspects of competition. I am not allowed to go beyond that.”
- 23 May 1996 - Conrad Black’s acquisition of 20 dailies from Southam Inc. boosted his ownership of Canadian newspapers to 58, representing nearly 41% of Canada’s total daily newspaper circulation.
- 4 June 1996 - In a House of Commons Statement, Mr. Jim Jordan (Leeds-Grenville, Lib.), referred to 23 May 1996 as “black Friday in the Canadian newspaper business. He said: “I am sure there is a rational explanation for the current rules controlling newspaper ownership in Canada, but if the rules continue to allow Canadian newspapers and their ownership to fall into fewer and fewer hands ...”
- 25 October 1996 - Southam Inc. purchased seven east-coast newspapers from Thompson Corp, giving Southam a coast-to-coast newspaper presence and Southam-Hollinger control over 59 of Canada’s 109 daily newspapers. The east-coast dailies were: the *St. John’s Telegram*, and the *Corner Brook Western Star* in Newfoundland, the *New Glasgow News*, the *Truro News* and *Sydney Cape Breton Post* in Nova Scotia, and the *Charlottetown Guardian* in P.E.I.
- 8 December 1996 - The Council of Canadians launched a court challenge of the federal Competition Bureau’s decision to allow Conrad Black to take over Southam Inc., the largest newspaper publisher in Canada.
- 15 December 1996 - The Council of Canadians’ bid to overturn Conrad Black’s takeover of Southam Inc. was rejected. Federal Court Justice Bud Cullen ruled that the Council of Canadians had missed a 30-day period to appeal the federal Competition Bureau’s approval of the Hollinger Group purchase.
- 12 February 1997 - The Canadian Press announced that it would be undergoing changes that the board of directors called a “strong new direction” for a service that had nearly been killed in late 1996 when some members, led by newspaper giant Southam Inc., had planned to drop out of CP because of concerns over costs and service cuts.
- 24 February 1997 - The Federal Court of Appeal set a date for the Council of Canadians in its effort to overturn the takeover of Southam Inc. newspapers by Hollinger Inc. The appeal, set for 9 April, challenged the court’s 15 December 1996 ruling.
- 8 April 1997 - A challenge to Hollinger Inc.’s takeover of the Southam Inc. newspaper group was dismissed by the Federal Court of Appeal. Maude Barlow, the chairperson of the Council of Canadians, said the courts are closed to further challenges of the Hollinger deal. “Not only has our government refused to deal with it ... but our courts won’t hear it. Canadians should be very disturbed about this.”
- 30 April 1997 - Hollinger Inc. offered to buy out the minority shareholders of Southam Inc. for \$922.7 million. Hollinger also revealed its plan to buy the *Halifax Daily News* for an undisclosed amount.

- 18 June 1997 - Southam Inc. announced that it would be publishing a national newspaper within one year. Don Babick, president of Southam, said the chain was examining what the new daily should look like and was continuing to assess its financial prospects.
- 8 April 1998 - Conrad Black announced his new national newspaper, which aimed to go head-to-head with the *Globe and Mail*, would be launched in September.
- 28 April 1998 - Sun Media Corp. announced that it was looking into expanding into the radio and television media. According to Paul Godfrey, president of Sun Media, the company was examining options for competing against Southam Inc.'s new national paper. Godfrey hoped the Canadian Radio-television and Telecommunications Commission (CRTC) would loosen its rules regarding radio ownership, thereby allowing Sun Media to move into this market.
- 18 May 1998 - Southam Inc. bought seven Vancouver Island newspapers owned by Thomson Corp. Included were two daily newspapers, the *Victoria Times-Colonist* and the *Nanaimo Daily News*, and five community papers (the *Campbell River Courier/Islander*, the *Duncan Citizen*, the *Harbor City Star*, the *Parksville Morning Sun* and the *Cowichan Lake News*). The papers were sold because they were not making enough money, according to Stuart Garner, president and chief executive officer of Thomson Newspapers.
- 26 May 1998 - Southam Inc. announced that it had acquired *Saturday Night Magazine* from a subsidiary of Hollinger. *Saturday Night* would no longer be distributed with the *Globe and Mail*, but would instead be distributed along with Southam's new national newspaper
- 19 July 1998 - In one of the biggest deals in Canadian newspaper history, Southam Inc. acquired Sun Media's 80% interest in the *Financial Post*. In return, Sun Media acquired the *Hamilton Spectator*, the *Kitchener-Waterloo Record*, the *Cambridge Reporter* and the *Guelph Mercury*. With the addition of the *Financial Post* to its roster, Southam for the first time owned newspapers in each of the major Canadian newspaper markets.
- 30 July 1998 - Hollinger International Inc., announced that it intended to become a leading provider of Internet commerce and content. "We see it as a huge opportunity and the astronomical increases in flows of cash on the Internet...are very enticing to us," said Conrad Black.
- 26 October 1998 - Southam Inc. launched the *National Post*, a new national daily.
- 29 October 1998 - Torstar announced plans to buy Sun Media, the owner of tabloid dailies in Ontario and Alberta. Critics of the deal claimed it would definitely lessen competition, effectively putting control of Canada's newspapers into even fewer hands. "The test for us is whether a merger will substantially lessen competition," explained Jim Bocking, spokesperson for the Competition Bureau.
- 9 December 1998 - In a bid to control the Sun Media Corp., Montreal's Quebecor beat Torstar with an offer of \$983 million, thereby becoming a national chain. Quebecor's 25.4% control of the country's daily circulation was now second only to the Southam-Hollinger chain, with 40.7%.
- 13 December 1998 - Experts claimed that the lack of foreign ownership was leading to a concentration of ownership in the Canadian newspaper industry because the

Canadian Tax Act - which provides a tax deduction for advertising if a newspaper is less than 25% foreign-owned - discouraged foreign newspaper publishers from owning Canadian newspapers. Heritage Minister Sheila Copps stated that she was not prepared to change ownership laws. "Those who would like to open up restrictions on foreign ownership would like to have only one media industry for the world, and I don't think that's healthy for anybody," Copps explained. "I think it's important that we have diversity of opinion."

- 2 May 1999 - Thomson Corp. sold eight B.C. newspapers to Horizon Operations, adding to the Chicago-based company's 45 daily and weekly newspapers. Although American-owned, Horizon indicated that it would set up its head office in Kelowna in the near future.
- 29 October 1999 - Following allegations by the Council of Canadians that Southam Inc. was threatening to withdraw from the Canadian Press, Canadian Heritage Minister Sheila Copps asked the Standing Committee on Canadian Heritage to examine the impact of newspaper ownership on the future of the Canadian Press news service.