Volume 9, No. 31
September 9, 1981

Commission calls for change in newspaper ownership

Federal legislation is required to curb concentration of ownership and ensure continuing editorial freedom for Canada's daily newspapers, according to the report of the Royal Commission on Newspapers.

The Royal Commission was set up after the simultaneous closing last August of two newspapers, the *Ottawa Journal*, owned by the Thomson chain and the *Winnipeg Free Press*, owned by Southam Incorporated. The three-man commission was headed by Thomas Kent, former *Winnipeg Free Press* editor and current dean of administrative studies at Dalhousie University. The other members of the commission were Borden Spears, former *Toronto Star* senior editor, and Laurent Picard, former Canadian Broadcasting Corporation president.

The 300-page report was the culmination of nine months of work that included 30 days of public hearings in 13 Canadian cities. In their report the commissioners maintained: "Freedom of the press is not a property right of owners. It is a right of the people." To this end the report recommended new legislation that would place limits on the number of newspapers a chain could own and restrict a chain's business ventures in areas other than newspapers.

Guidelines for owners

Reacting to what it termed "a decade of wrenching change" in Canada's newspaper industry, the inquiry, which cost $3.1 million, called for a broad range of measures to be taken by the federal government under the umbrella of a Canada Newspaper Act.

The act would set out strict guidelines governing the ownership and sale of daily newspapers; provide special capital cost allowances for the purchase by individuals of up to 5 per cent of the shares of a company that had bought a newspaper; and require 60 days public notice before the closing of any newspaper.

The report upholds the principle that the press must be free of undue government interference but argues that "freedom requires not only the absence of government shackles but also the affirmative action of law to protect society against the chains that its powerful minorities may impose on others."

There are 117 dailies in Canada and 88 are owned by groups. Three chains control nine-tenths of French-language circulation in Canada while another three lay claim to two-thirds of English-language circulation. In seven provinces — all but Ontario, Quebec and Nova Scotia — at least two of every three daily papers sold are produced by a single company or conglomerate.

Highlights of the report

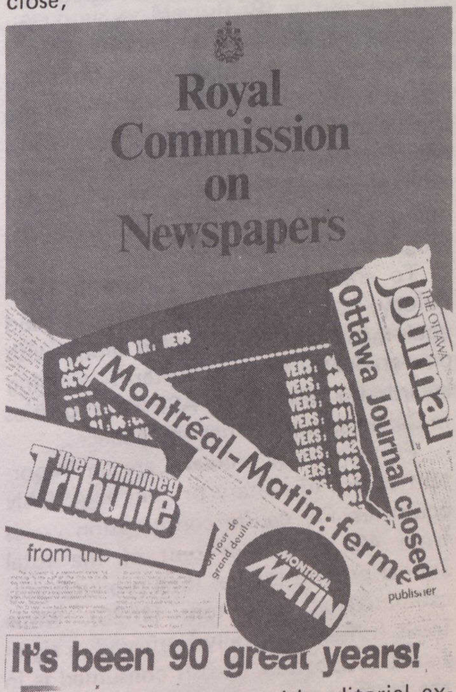
Some of the major recommendations made by the Royal Commission on Newspapers were:

— creation of a Canada Newspaper Act that would remove some of the strength of newspaper chains;

— having large chains such as Thomson Newspapers Limited and Southam Incorporated make some divestments;

— forbidding ownership of newspapers and weeklies in the same circulation area;

— prohibiting creation or enlargement of chains larger than five newspapers, with more than 270,000 daily circulation or with newspapers that are geographically close;



— making newspapers with editorial expenses less than the industry average pay a surtax of 25 per cent of the deficiency;

— awarding newspapers with editorial expenses above the national average a tax credit of 25 per cent of the deficiency;

— providing capital cost allowances for purchase of up to five per cent of a newspaper's shares to encourage widespread ownership of newspaper shares;

— establishing a Press Rights Panel, within the Human Rights Commission to monitor commission proposals and act as a press ombudsman;

— encouraging more voluntary press councils, newspaper ombudsmen and support for journalism schools;

— creating a national journalism training institute;

— appointing many editors-in-chief under contract and making annual public reports of their stewardship; and

— giving grants to news services to expand and improve their coverage.

Energy legislation proposed

The federal government has introduced proposals designed to give legislative effect to a number of elements of the government's National Energy Program (NEP).

The draft Bill, called the Energy Security Act, reflects the goals of the NEP namely: to establish the basis for Canadians to gain control of their energy future through security of supply and eventual independence from the world oil market; to offer to all Canadians the opportunity to participate in the energy industry and to share in the benefits of industry expansion; and to establish a petroleum pricing and revenue-sharing system that recognizes the requirement of fairness to all Canadians.

The Bill is intended to:

— establish a new incentive program to encourage petroleum exploration and development;

— establish the legislative framework for guidelines concerning Canadian ownership and control, which, among other applications, will be applied to those seeking to qualify for petroleum incentive grants;

— allow the government to collect information in accordance with the objectives of the NEP;

— authorize the capital necessary to expand the role of Petro-Canada and establish a Canadian ownership account to help finance acquisition; and

— redefine the jurisdiction of the National Energy Board in relation to oil and gas export prices and enable the Board to exercise regulatory control over interprovincial power lines which are designated as falling under its jurisdiction. Expropriation powers for designated interprovincial and international power lines are also included in the amendments; these latter provisions will provide the same treatment for power lines as is currently accorded pipelines.