Canada Post and the Shuttering of Community Newspapers

The shuttering of Winnipeg's Community Review means 200,000 households will no longer get the benefit of a free community newspaper delivered to their door. It also means that more than 800 people who deliver the paper and their families will be affected.

This is an unforced error that never should have happened. How did we get here? The answer is complex.

First, there is a high degree of concentration in the flyer printing market in Canada. Montreal-based TC Transcontinental enjoys the dominant position in the marketplace thanks, in part, to a 2012 Competition Bureau-approved asset swap.

Second, municipal and provincial politicians have passed environmental regulations, however well-intentioned, have unintended consequences. Former Montreal Mayor Valérie Plante passed a municipal bylaw that led to the end of distribution of Publisac (a plastic bag with flyers and a community newspaper). Several provinces, including Manitoba, have imposed extended producer responsibility levies on printed newspapers. Ontario's Premier Doug Ford made the wise decision to exempt newspapers from this kind of stealthy journalism job-killing tax in his province.

Third, Canada Post is the biggest culprit. TC Transcontinental, which had distributed Publisac door-to-door in Quebec, formed a strategic partnership with Canada Post, which as a Crown corporation was not beholden to municipal bylaws. They bypassed Mayor Plante's new regulation by distributing a curated bundle of flyers called Raddar through the national postal service. Unlike Publisac, Raddar did not include a community newspaper. On the sidelines of this saga, news publisher Métro Média and its more than 30 hyperlocal publications ? including 17 print newspapers ? shut down.

In partnership with Canada Post, TC Transcontinental recently expanded its Raddar offering across Canada. It is understood that Canada Post ? which has a mandate to ?charge postage rates that are fair and reasonable? ? is offering TC Transcontinental rates below what it is offering to community newspapers. To its own benefit, the Crown corporation has effectively shut community newspapers ? their private sector rivals ? out of flyer distribution, lessening competition substantially in that market.

This is not the first time community newspaper publishers have felt the squeeze of Canada Post in the flyer distribution market. As of January 2024, community newspapers with commercial inserts were no longer exempt from Canada Post's Consumers' Choice program, which allows Canadians to opt out of receiving ?junk mail'. Canada Post made that decision without stakeholder consultation or economic/social impact analysis and failed to recognize that community newspapers ? with or without an insert ? are not ?junk mail'; they are a social good.

The juxtaposition of the shuttering of Winnipeg's Community Review at the same time as the revelation of $30.8 million in bonuses at Canada Post has not been lost on community newspaper publishers across Canada.

What should Ottawa do about it?

First, Joël Lightbound, the Minister responsible for Canada Post, should ensure the Crown corporation is treating community newspapers fairly and offering them comparable pricing to what it offers to TC Transcontinental.

Second, the House of Commons Standing Committee on Canadian Heritage should conduct hearings into the role Canada Post can play in the sustainability of community newspapers ? ensuring the relationship is one of partnership, rather than predatory and parasitic.

When a community loses a newspaper, like Winnipeg's Community Review or Métro Média's publications in Quebec, the information vacuum can lead to people getting their news from less than reliable sources ? like AI and social media ? which can create division that drives people apart. Without a check on local government, corruption, mismanagement, and wasteful spending often flourish, which can result in higher municipal taxes and borrowing costs.

It was not foreign Big Tech monopolists like Google and Meta that caused Manitoba's largest community newspaper to shutter. It was Canada Post.

And it's not like we weren't warned?

Thirty years ago, in his review of Canada Post's mandate, George Radwanski recommended that postal service get out of delivering unaddressed junk mail (i.e., flyers), concluding that the Crown corporation engaged in inappropriate practices that created unfair competition for private businesses like community newspapers.

As a former Toronto Star editor-in-chief, Radwanski knew the news business. He noted that Canada Post was actively siphoning advertising revenue away from the news industry and adroitly cautioned that the state-granted mail delivery monopoly should not be in the business of crippling the financial health of newspapers.

A healthy democracy demands a healthy community news media ecosystem. Let's level the playing field and restore competition in the flyer distribution market before more community newspapers shutter.

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