

Newsmedia Canada - A New Newspaper Association

Current Status

Currently in Canada we have 11 industry associations for the newspaper industry. The industry associations among them employ almost 50 people.

The funding model is becoming more and more challenging. The regional community associations were traditionally funded through a blanket classified program that is slowly disappearing. This has meant reduced funding and in some cases a move to membership fees or increased membership fees to members. CCNA has been indirectly funded by this as well, as in some cases it's member fees are collected and remitted by the regional associations.

CNA is funded by member dues based on a paid circulation model. This has also been challenged by some members as circulation is not a good measure of value of services received or accessed.

Additionally, there is overlap and duplication of several services among the various associations in many areas. This has been made less tolerable as the ownership structure of the newspaper industry in Canada has changed and most companies are operating across regional boundaries.

The current newspaper associations are:

- Canadian Newspaper Association (CNA)
- Canadian Community Newspaper Association (CCNA)
- British Columbia and Yukon Community Newspapers Association (BCYCNA)
- Alberta Weekly Newspapers Association (AWNA)
- Saskatchewan Weekly Newspapers Association (SWNA)
- Manitoba Community Newspapers Association (MCNA)
- Ontario Community Newspapers Association (OCNA)
- Quebec Community Newspaper Association (QCNA)
- Les Hebdoms du Quebec – have indicated they want to join CCNA.
- Newspapers Atlantic (ACNA)
- Association de la press francophone (APF)

Traditionally, the primary role of the regional community newspaper association was that of sales, though this is gradually disappearing. Currently BC does not do sales and Saskatchewan, Manitoba and Atlantic have contracted their sales functions out, SWNA and MCNA to Ad West, and ACNA to PrimeMedia.

The proposal

This proposal calls for merging the existing newspaper associations in Canada to create a single newsmedia association to deliver high quality programs and services, efficiently and effectively, to the newsmedia members and to speak with a unified voice of the entire industry.

Seven years ago the two national daily and community newspaper associations decided to work together and entered into a co-management agreement that led to a coordination of programs and services and the rationalization of resources and subsequently large fee reductions.

Currently OCNA is co-locating with CNA/CCNA with a view to sharing services and staff. We anticipate that this will naturally lead to many more efficiencies and improved effectiveness as staff will work together to avoid duplication of services and staff functions.

In the past year, we have seen two similar initiatives in the newsmedia world, with NADBank and PMB merging into a single entity as well as the creation of a National Newsmedia Council to replace the provincial and regional press councils.

Aside from the issue of overlap and duplication, there is perception, amongst some members, that there is not a clear mandate for any of the associations across the country and an important step in implementing this plan would be to engage members and their owners in a dialogue to determine the mandate of the new association.

It is likely that there would be a core bundle of programs and services that would be delivered and that additional services could be offered on a cost recovery or fee for service basis. For example, there is clear support for a robust government relations program (at all levels of Government). What is less clear is the view of areas such as marketing, lineage, research, awards, conferences, training, audit and the other services currently being provided.

In addition, the role of sales is going to continue to be important to many of the smaller newspapers and provision will have to be made to continue the role of the association in this area.

Proposed Model

One newsmedia association for the whole country representing daily and community newspapers (with services provided in both official languages). For purposes of this proposal, we will refer to the new national association as Newsmedia Canada.

The association would provide programs and services focusing on the priorities established by the members and their owners.

The proposal would provide a basic level of services, and members would be able to access additional services on fee for service basis. The initial step would be to consult with members on what services they would require from the organization.

Core services may include:

- 1) Government relations and lobbying at all levels of government
- 2) Industry promotion and marketing
- 3) Industry recognition programs, nationally and regionally (awards programs and events)
- 4) Training programs delivered via webinar, on-site (in some cases)
- 5) Accessing and sharing of services from and to other similar international associations
- 6) Audit services until such time as they are not needed by the members
- 7) Regional/National Conferences

Why Now?

With hindsight we can look back at our decision to adopt a joint management structure as serendipitous. The agreement was not forced upon either of our daily or community partners. It was the right process to adopt at the time and has proven beneficial during the last seven challenging years.

We are at a similar crossroads. Our corporate members rightfully look at return on investment for shareholders. Corporate members, whose holdings cross provincial boundaries, want programs and services that are relevant and cost-effective. The same holds true for the 40 per cent of our membership that is independently owned. Independents want access to programs and services that will help them remain viable on Main Street. They also want to feel part of an association that respects their business model. This explains why independents often have long standing, close working relationships with regional associations.

The goal with this proposal is not to tear our regional system apart for the sake of change. The reality is all of our regional associations are operating under increased financial pressures. Several are teetering on the financial brink. None has figured out the magic formula that allows long term viability.

Our goal needs to be, to build a new, sustainable model that represents the interests of both corporate and independent members.

How would we fund a new association?

One possibility is to adopt a member pay formula similar to the model that has been developed, and accepted, by the National Newsmedia Council. Existing national and regional community newspaper associations would be wrapped up and incorporated into a single Newsmedia Canada association.

What about regional representation?

It is anticipated that regional representation would be coordinated at a national level by the Newsmedia Canada association and delivered through regionally located contracted employees. Each region would likely require one such contract person (or organization). These “employees” would be either staff or contracted on an “as needed” basis (similar to the current BC arrangement with Curve Communications). It is not anticipated that any regional offices or other staff would be required on an ongoing basis. All regional “employees” would report to and receive supervision from the Senior Executive (or their delegate) at Newsmedia Canada.

What will happen to Blanket Classifieds and National Sales?

Current sales efforts of the regional associations could be merged into a single professionally managed sales entity. The logistics of where the sales effort is centered will be decided when and if this process evolves. One possibility is to build on Ad Reach. The Ontario Community Newspapers Association has recently hired Caroline Medwell as the new ED with a mandate to improve the sales function. Caroline has a strong sales background.

It is anticipated that a blanket program would be set-up as a for profit system with revenues, net of sales expenses and reasonable profit, returned to participating members in a pro-rata fashion. Examination of

the current LMA (Local Media Association) Classified program may provide a good model for us to consider in this area.

Members of SWNA, MCNA and ACNA could continue to contract sales functions out to their current suppliers (Ad West and Primemedia) or consider moving that business to Ad Reach to create a truly national, one-order, one-bill system. Quebec, BC and corporate members would continue as is or participate in the Ad Reach program as well.

Regardless how the members decide to handle the display and classified sales functions, this would be an optional service and would be governed by a separate board of directors. There may be an option for members to pay their association dues through commissions or donated space to the sales organization, as they currently do.

Governance

The new association would be set up as a membership based organization. The preferred model would likely be a weighted voting model which could be circulation or revenue based and would be similar to the fee model currently proposed for the National Newsmedia Council.

The new association would be governed by a board of directors elected annually. For the purpose of this proposal we envision eleven directors would be representatives of the ownership groups across country. Six directors, with Two seats for independent or small chain (to be defined) from each; West Region (including BC, Alberta, Saskatchewan, Manitoba), Central Region (Ontario), and Eastern Region (including Atlantic, Quebec and APF). This would result in a board of 17 directors.

The eleven directors representing the major ownership groups would be appointed by their respective owners (operators). The regional directors would be elected from amongst regional members (excluding the major ownership groups). A nomination and election process would need to be developed and imposed consistently across all regions.

The Eleven directors from the major ownership groups could be allocated as follows:

Postmedia (inc. Sun Media)	2
Brunswick News	1
Transcontinental	1
New Gesca	1
Black Press	1
Glacier Media	1
Free Press (inc. communities)	1
Torstar (inc. Metroland)	2
Globe & Mail	<u>1</u>
Total	11

Annually at the AGM for the new Newsmedia Canada association, the directors would elect a President, 1st Vice President, 2nd Vice President, Treasurer, Corporate Secretary. The immediate past President would Chair the Board but would not have a vote. The President would have a second and deciding vote in the case of a tie vote on any issue.

A complete new set of by-laws would be required for the new association.

Legal counsel will be required to set up a new association, file the necessary work, draft the bylaws and advise on any other governance issues.

After the transitional period there would be no further requirement for a Co-management committee as the Executive committee of the new board would fulfill this function.

Staff

The association would have a small staff based in Toronto, with regional staff (contract or “as required” employees). The current office and staff of Newspapers Canada could form the core of the new Newsmedia Canada staff. While it would seem that our current CEO would be a likely leader of the new organization, full consideration should be given to current Regional Executive Directors or outside candidates, for this critical role.

It is likely that the sales arm would require a regional presence.

Location

The office should be located in Toronto. However, the lease on the current CNA/CCNA office expires in June 2016 and the new organization would require far less space. The current office space is too large and too costly. Perhaps a member newspaper would be willing to host the organization.

Timeline

The proposed timeline would be to have the new association up and running by July 2016 at the latest. This is the date that the lease on the existing CNA/CCNA office expires.

If there were a sufficient level of interest, the next step would be to build a mandate for the new organization. This would require decisions on what would be the core services and what additional services, if any would be required.

It is anticipated that the current Co-management committee would lead the process with full disclosure and regular reporting to all stakeholders. It may also be anticipated that a “transitional expert” be hired on contract to help guide the process and insure that all associations and their existing staff are providing full cooperation and support during the transitional process.

Once general approval of the plan is granted by the boards of CCNA and CNA then the plan would need to be ratified at each Regional and National association at an AGM or Special General meeting of members. This will require a strong communications plan and strong leadership from current CCNA and CNA directors.

While the hope would be to get 100% of members to approve the new plan and agree to its implementation, it is anticipated that there may be some resistance from some members. The plan will succeed with less than 100%, but for the good of our industry, we hope that our members unanimously ratify the plan.

The longer timeline would allow the existing associations to wind up their affairs in an orderly manner and allow staff to work out some or all of the notice provisions.

Financial

A complete going forward business plan fully costed out would be required before final sign off.

At wrap up of all the Regional Associations, it is anticipated that any Retained earnings be returned to their respective members utilizing the same formula that has been used for setting fees. Members with less than 5 years membership would see a pro rata share returned. (20% for 1 year members, 40% for 2 year members, etc).

Funding for transitional activities, consultants, etc would come from general revenues of the two National associations. This may require drawing down of current retained earnings. Any funds left at wrap up of the two National associations would be ported over as retained earnings into the new Newsmedia Canada organization.

The budget for the Newsmedia Canada association would require a budgeted and actualized surplus of revenues over expenses until such time as the new organization has enough retained earnings to assure a proper and fully funded wind-up should that be required in the future.

Next Steps

Consultation on plan with all major stakeholders (members) and a select few senior staff.