“Postmedia merges newsrooms, cuts 90 jobs in response to financial woes”

* By James Bradshaw - Media Reporter,[www.theglobeandmail.com](https://getpocket.com/redirect?url=http%3A%2F%2Fwww.theglobeandmail.com%2Freport-on-business%2Fpostmedia-cuts-90-jobs-merges-newsrooms-in-four-cities%2Farticle28257456%2F&formCheck=d44a68847387bb218fd2bdd7973df266)
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The country’s largest newspaper chain, Postmedia Network Canada Corp., is merging once-competing newsrooms and cutting about 90 staff as it tries to cope with declining revenue and a heavy debt load.

In Vancouver, Calgary, Edmonton and Ottawa – cities where Postmedia owns two daily papers – editorial staff will be joined together to work under one senior editor, filing stories and images to both publications. But the company is not closing any newspapers, promising to continue publishing two in each city, albeit with less distinctive content and fewer rival reporters working local beats.

Last April, as Postmedia closed a deal to buy 175 newspapers and digital publications from Quebecor Inc., executives from the company were promising that the newly acquired Calgary Sun, Edmonton Sun and Ottawa Sun would remain competitors with the Calgary Herald, Edmonton Journal and Ottawa Citizen. The consolidation of written media that resulted was unprecedented for Canada, but Postmedia stressed that newsrooms would stay separate, pointing to its existing control of both the Vancouver Province and Vancouver Sun.

Tuesday’s partial about-face is the latest fallout from a dismal financial stretch for Postmedia, which has suffered from steep revenue declines driven by falling demand for print advertising at the same time that it has struggled to bear the weight of more than $670-million in debt. The company has responded by relentlessly cutting costs in the past few years, recently increasing its $50-million savings target to $80-million by mid-2017.

“I wanted to make sure that both newspapers [in each of the four cities] would continue, and I think we have found the formula which, at least at this point in time, can mean the continuation of those publications,” Paul Godfrey, Postmedia’s president and chief executive officer, said in an interview with The Globe and Mail. “It doesn’t mean that somebody in Toronto will be writing about the Edmonton local council. It’s going to be someone locally. But this is a consolidation of newsrooms.”

The media industry has undergone sweeping changes in recent years as readers shift toward a wider selection of digital sources, where advertising has proven less lucrative. Just last week, the Toronto Star announced it will close its main printing plant and cut jobs in circulation and the newsroom, putting more than 300 people out of work.

Postmedia’s cuts immediately pushed out about 8 per cent of its editorial staff across the country, and the company will soon offer buyouts to staff in Ottawa and Vancouver, with the expectation that as many as 50 more employees could leave voluntarily. Postmedia is also creating a single national sports-writing team led by editor Bev Wake.

“It’s another step in a continuation in having fewer and fewer journalists covering stories in this country that’s been going on for the last 10 years,” said Christopher Waddell, an associate professor of journalism at Carleton University. “It means less coverage.”

It also means two newspapers will answer to a single editor, with stories adapted by a rewrite desk to give them the right voice and length for each newspaper.

Jose Rodriguez, the Calgary Sun’s editor-in-chief, will oversee both Calgary papers, while current Herald editor Lorne Motley moves to Edmonton to steer the Journal and Sun there. Rob McLaughlin, Postmedia’s regional vice-president in Western Canada, will manage the Province and Sun in Vancouver, and Postmedia is searching for a leader to install in Ottawa, as current Citizen editor-in-chief Andrew Potter plans to leave at the end of February.

“This is an enormous concentration of media control into a few hands,” said Jerry Dias, national president of Unifor, which represents about a dozen employees who were let go. “Centralized news-gathering and opinions, including in local news, do not add to the national debate that helps build a functioning democracy.”

But the epicentre of the pain for Postmedia’s newsrooms was in Alberta, where staff aren’t unionized and the effect of falling oil prices has left a mark on many industries. The two Edmonton papers lost a combined 35 jobs, and the Calgary papers 25 more.

Brian Jean, the leader of Alberta’s opposition Wildrose Party, said he is “very troubled” by the news. “My family ran the first newspaper in Fort McMurray back in the early seventies and I don’t think that there are enough reporters currently. If you look at it, as disturbing as it is, we now have more PR people working for the Alberta government spinning stories than we have reporters writing stories,” Mr. Jean said.

“These cuts are going to constrain the public’s ability to have ample discourse and to discuss all the issues coming forward,” he added.

The most senior people Postmedia dismissed were the Edmonton Journal’s editor-in-chief, Margo Goodhand, and managing editor, Stephanie Coombs, as well as the managing editor of the Edmonton Sun, Donna Harker.

“We know that you just can’t take the rank-and-file journalists out. We’ve had to show that we have to change management to some degree as well,” Mr. Godfrey said.

Years of deep cuts have helped to offset Postmedia’s losses. “There isn’t a paper in the new Postmedia that’s losing money,” Mr. Godfrey said. But he pointed to “the debt factor” as a major drag on the company’s fortunes. Most of its debt, priced at interest rates of 8.25 per cent and 12.5 per cent, is owned by a pair of fund managers – Canso Investment Counsel Ltd. of Richmond Hill, Ont., and New York-based GoldenTree Asset Management. Having paid more than $325-million in interest between 2010 and 2015, Postmedia is hoping to refinance the remaining debt in the coming year.

Mr. Godfrey said he spoke to the mayors of all four cities where newsrooms are merging ahead of time, as a courtesy. He also spoke to Competition Bureau commissioner John Pecman “to advise him of this” in advance. When the Competition Bureau cleared the way for Postmedia’s acquisition of the Sun properties last March, it highlighted the company’s intention to keep both papers open in each city, “including maintaining distinct editorial departments.”

On Tuesday, a spokesperson for the Competition Bureau said that “while we expect the parties to honour their public commitment,” the bureau’s decision not to contest the deal “was not directly dependent on this commitment,” but on other factors such as a lack of close rivalry between the broadsheets and tabloids, ongoing competition from free dailies and growing pressure from digital alternatives.

*With a file from Justin Giovannetti*