**The Proposed Canadian Journalism Fund**

**BRIEFING NOTE**

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News Media Canada is disappointed by the lack of immediate action called for in the federal government’s cultural review vis-à-vis newspapers. Reports, such as The Shattered Mirror, have clearly articulated that there is a problem confronting the industry and that policy changes are required. We will continue to make our concerns heard and work on behalf of our members, big and small, from coast to coast to coast.

**Issue:**

Canada’s news media publishers are seeking support for the establishment of the Canadian Journalism Fund as a vehicle to ensure that citizens of Canada can continue to enjoy access to diverse sources of quality journalism. This proposal builds on a long history of Canadian government support for news media and is consistent with the lead recommendation of the House of Commons’ Standing Committee on Canadian Heritage.

**Background: An Industry in Transition**

* Canada has been well served through its 150-year history by a strong and independent news media, operating in communities – both large and small – in every part of our country. The journalism produced has provided an important forum for civic discourse, shone light on government as well as our society, provided a platform for local businesses to communicate with local markets, and have provided a critical pillar of support for our democracy.
* While readership of Canadian news media remains as strong as ever, the growth of digital media has caused both readers and advertisers to move online. This has had a significant impact on the industry’s business model as paid circulation and advertising revenues have dropped dramatically in recent years.
* Canadian news media organizations have had to cut costs to remain profitable. From 2008-2014, employment in the sector dropped by 23% as publications closed, reduced publications and cut staff, including journalists. By way of example, in recent years the Guelph Mercury and the Nanaimo Daily News, both of which have published for over a century, closed their doors.
* Canadian news media organizations have also sought to embrace digital platforms but this remains challenging against the nature of the online advertising market, as well as the reluctance of readers to pay directly for content. Moreover, the critical link between content creation and advertisers has been severed in the online world: neither Facebook nor Google, which together now claim more than 70% of all online advertising revenue, produce any of the content that is attached to that advertising revenue.
* In 2016, The Public Policy Forum published *The Shattered Mirror: News, Democracy and Trust in the Digital Age[[1]](#footnote-1).* The report was commissioned by the Government of Canada to assess the changes in Canada’s news media landscape, with a particular eye on assessing any risk that these changes might pose to our democracy. That report confirmed that a profound shift was occurring, one that was led by the two largest media companies the world has ever known.
* *Shattered Mirror* also found that the very nature of the competition was radically different than simply providing a digital platform for content. Instead, this new competition was one that relied on mediated networks of social communication to create a platform for advertisers but produces no news content of its own.

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1. *Shattered Mirror* agreed that there were reasons to be concerned about what this would mean for our democracy and Canadian society. Canadians agree: A poll conducted by Earnscliffe Strategy Group in 2016 found that more than 3/4s of Canadians felt that democracy would be threatened if there was no news in newspapers and magazines (or on news websites, including those of television news sources). More than a third of respondents felt that such a situation would “seriously threaten” democracy.

**The Canadian Journalism Fund: A New Way Forward**

* In June, News Media Canada, the voice of the print and digital media industry in Canada, put forward a proposal to the Minister of Canadian Heritage for the establishment of the Canadian Journalism Fund to provide support for on-the-ground journalism and business transformation for news media publications.
* Since Confederation, the Government of Canada has supported media organizations through a number of programs, tax policy, and subsidies (including funding support for the CBC, as well as other broadcasters). While the proposal would not represent the first time the government has supported media voices, it does provide a solution that is better suited to the current challenges and current needs.
* The new Canadian Journalism Fund (CJF) would see the existing Canadian Periodical Fund (CPF) remade and renamed. At its heart, the new CJF would remain a formula-based fund with set criteria and that would provide financial certainty and predictability to both government and to industry.  In addition to building on the existing components of the Canadian Periodical Fund, a new component would be added to support Canadian civic news by newspapers and digital-only publications.
* This proposal would provide qualifying media organizations – print and online news publications, but not media outlets covered under the mandate of the Canadian Radio and Telecommunications Commission (CRTC) – with rebates of 35% of eligible costs. Eligible costs eligible for partial rebate include Canadian journalism salaries and expenses and innovation investments in the future of journalism and the dissemination of Canadian news. The proposed fund would not include executive compensation, outsourced services, legacy print production costs, dividends, debt payments, etc. It is a fund designed with the clear intent of supporting “boots on the ground” journalism and preparing the industry for the future.
* While it builds on the CPF, it is has some important differences. The new CJF would reform the existing CPF criteria by moving from a paid circulation model to an editorial spend model, ensuring that government support is more directly tied to investments in journalism and industry innovation. As well, eligibility for rebates would be expanded to allow both daily and free community newspapers (the CPF currently provides support only to paid-circulation community newspapers).
* The proposal has the support of a large number of news media organizations and publishers, representing the vast majority of paid journalism jobs in this country, as well as their unions.
* The proposal is also consistent with the lead recommendation of the House of Commons’ Standing Committee on Canadian Heritage, as well as with recommendations from *Shattered Mirror.*

1. <http://www.ppforum.ca/publications/shattered-mirror-news-democracy-and-trust-digital-age> [↑](#footnote-ref-1)