**Government of Canada Support of Canadian News Media**

**Q&As**

**What is the proposed Canadian Journalism Fund?**

News Media Canada has proposed a Canadian Journalism Fund (CJF) to provide support for on-the-ground journalism and business transformation for high quality news media publications. These would include print and online news publications, but not media outlets covered under the mandate of the Canadian Radio and Telecommunications Commission (CRTC).

The proposed strategy would see the existing Canadian Periodical Fund (CPF) retooled and renamed. At its heart, the new CJF would remain a formula-based fund with set criteria and would provide financial certainty and predictability to both government and to industry. In addition to building on the existing components of the CPF, a new component would be added to support Canadian civic news by newspapers and digital-only publications.

Another important change is that the new fund would reform the existing CPF criteria by moving from a paid circulation model to an editorial spend model. In this regard, qualifying publications would receive partial rebates of up to 35% towards eligible expenses.

**Who would be eligible?**

This program provides targeted support to established Canadian news organizations and publications producing news in Canada for Canadian readers.

To qualify for funding, an organization or publication must be a Canadian corporation primarily in the business of producing original journalism in print and/or digital forms, be majority owned and controlled by Canadians (or otherwise meet the requirements of Section 19 of the Income Tax Act). The publication must engage in significant and regular coverage of democratic bodies/institutions and civic function journalism, as well as be edited, designed, assembled and published in Canada for primarily at Canadian audiences. The publication must also have completed at least one uninterrupted 12-month publishing cycle prior to its first application.

The program would not include many publications that clearly are not related to the goal of producing news in Canada. Newsletters, trade or association publications, promotional publications, government publications, publications with editorial content that is mostly made up of listings (e.g. schedules, guides, financial reports, calendars, timetables) would not be eligible, for example.

The program would also not be available to publications that contain offensive content such as hate propaganda, obscene or child pornography, or other illegal material as defined in the Criminal Code. Moreover, publications that contain pornography or other material having significant sexual content, have excessive or gratuitous violence, or contain content that is denigrating to an identifiable group or other similarly offensive material would not be eligible for support.

**How kind of expenses would be eligible?**

The fund is targeted only towards those expenses directly related to the production of journalism, such as labour costs of all journalists, staff or contractors/freelancers, directly involved in reporting, as well as those involved in editing, design, lay-out, photography, videography, and other methods of producing journalism and digitally matching content and audiences. Certain other expenses, when related to the production of journalism, including editorial legal costs, insurance and travel would also be eligible.

**How much would it cost?**

The Canadian Journalism Fund would represent a $350M annual investment in Canadian journalism, which would include both a Civic News component and a Business Innovation component. Part of the funding would be offset by incorporating the current $75M annual cost of the Canadian Periodical Fund into the CJF.

News Media Canada had proposed that the Civic News component could be capped at $175M, with the Business Innovation component capped at $90M.

**Why are newspapers and news media organizations so important to democracy?**

The ability of citizens to obtain information from independent and trustworthy news sources is as critical a foundation to democracy as voting itself. Responsible civic journalism shines a light on the functioning of our institutions -- government leaders, legislative bodies and councils, courts, agencies, etc -- putting the public in a better position on which to properly judge them.

This role has always been an important one but, in this era at which the “truth neutrality” of digital platforms has become apparent and the ease at which “alternate facts” can be posted online by anybody anywhere, the existence of trusted, credible reporting is arguably becoming even more important for equipping citizens.

**Do people even read newspapers these days?**

Newspaper publications continue to enjoy strong readership. In fact, readership is as high as it has ever been. Canadians continue to turn to newspapers as their most trusted media source for news and information. What’s different, however, is *how* that content is being delivered. Newspapers today represent a multi-platform communications medium delivering content via print, desktop/laptop, phone and tablet.

In fact, nearly nine out of ten Canadians read a newspaper on at least one available platform each week, with as many as 30% adults reading content on ALL FOUR platforms.

While print remains strong, with 57% of adults reading a printed newspaper each week, newspapers have embraced technology and adapted to changing tastes by providing readers with different options to access our content.

**Why should the Government of Canada and Canadian taxpayers support Canadian news media publications?**

We believe that a country as broad and diverse as Canada needs career journalists to cover the stories that might otherwise go unreported. Communities need to be covered by people whose job it is to find and tell these stories, relay them with a mandate to tell the truth, follow the story and hold public officials accountable. Stories must told by those with access and expertise, who are not anonymous and are themselves accountable for every fact they report and comment they publish, and who base their careers on these principles.

At this critical time in the industry, when distinct Canadian voices are at risk of being silenced forever, we are asking the Canadian government to modernize the existing Canada Periodical Fund in order to help allay the costs of always-on journalism to ensure the ongoing coverage of critical issues and give the industry more time to innovate and navigate ways through this challenge to preserve a cornerstone of our democracy.

This isn’t new. The Government of Canada has historically provided support to a variety of Canadian media voices and through a variety of instruments and continues to do so today:

* The Canadian Film or Video Production Tax Credit is worth approximately $250 million a year, with another $100 million+ going to the Film or Video Production Services Tax Credit. Federal agencies also support the film production business, including Telefilm, which receives a nearly $100 million Parliamentary appropriation annually.
* The CRTC will introduce $90 million in new support for local television on Sept. 1, 2017, including $23 million for 18 independent television operators, or $1.3 million each on average.
* CBC has been allocated an extra $135 million a year by the current government.
* CBC also collects $135 million a year in cable subscriber fees ($74 million English/$61 million French), mostly for its speciality news channels. Canada’s private television industry also benefits from simultaneous substitution policies.
* The Canada Media Fund contributed $371 million to Canadian television and digital projects in 2015-16. This includes federal government funding of $134 million.
* The current Canada Periodical Fund is $75 million.

**Why now?**

The news media industry in Canada is currently under threat from competitors with bigger reach and development budgets but no real stakes in Canadian democracy. Revenues from traditional sources have been falling precipitously and while new revenue streams are finding traction, changes are not occurring fast enough to transition to a new business model. The proliferation of “fake news” and the ease of its dissemination have highlighted the need for support of real news in our country.

We must act now, while there is something left to preserve.

**What would happen without this funding?**

Without additional support at this critical time, the industry will face an accelerated erosion of Canadian journalism. As revenues continue to drop, Canadians will experience further reductions in local news coverage and news from a Canadian perspective. As the number of reporters on the ground continues to decline, the ability of Canadian news sources to cover our public institutions and to hold them accountable will decrease and fewer Canadian stories will be recorded for posterity.

If Canada wants to preserve independent and diverse sources of news and information, we must act now to support the industry in a meaningful way.

**Are there other approaches?**

Sure, there are various additional measures that government can take to support Canadian news organizations, particularly where they might level the playing field among different kinds of media in Canada or with non-Canadian media giants who generate revenue here. Targeted changes to tax policy and a shift in governments’ advertising strategies towards more Canadian news organizations, such as community newspapers, are examples of other measures that can be taken. However, at the same time, it’s important to recognize that, on their own, these efforts would be insufficient to shore up Canadian news media publications at this critical time in their history.

Whatever the strategy, support for a dedicated funding source for Canadian journalism must be at the heart of it.

**Would this require a new tax, such as a Netflix tax?**

How any new program or service provided by government is funded is really a matter for government to decide. While a fund could be financed from dedicates taxes or levies, such as a tax on digital ad sales by those companies who aren’t investing in editorial content, there is nothing in the proposal that makes this a necessity. Funding could, quite simply, come from general government revenues, in the same way that most other programs are funded.

How this strategy is funded is really a matter for the government to decide and, in no way, does it require a dedicated tax or fees imposed on other media.

**What is the government’s position on the Fund?**

The proposal was submitted to the Government of Canada in June, the same month as the Parliamentary committee submitted its own report and recommendations. Minister of Canadian Heritage Melanie Joly has indicated that she will take the summer to consider the question of government’s support for Canadian media and that she expects to have more to say in the fall.

We are hopeful that, with the support of Canadian parliamentarians and the communities they serve across the country, the Canadian government will respond positively to our proposal, particularly as it is well-aligned with what the findings of the Public Policy Forum report commissioned by the government, as well as the with the recommendations of the Standing Committee on Canadian Heritage.

**Isn’t this funding simply propping up a dying newspaper business model? Is this just a “bail out” of failing newspaper companies?**

It is important to remember that the crisis we are experiencing is not due to a lack of confidence in Canadian journalism or a lack of interest in the content that is being produced. The reality is that Canadians are reading newspapers as much today as they ever have.

The business challenges we face are not the consequence of a lack of interest in the content we produce, nor even how that content is presented. The challenge comes as a result of competition from new digital media giants who have siphoned up 70% of all current online advertising revenue while serving up to readers content that was not of their making. The vital link in which advertising revenue once funded content creation has been broken and readers themselves, conditioned to reading online content for free, have not yet demonstrated an appetite to make up the shortfall themselves. Consequently, if we are to preserve that readers will continue to have a diversity of independent news voices, which they clearly want and which our democracy demands, than alternates simply need to be found.

**Won’t funding news publications compromise the integrity and independence of Canadian journalism?**

Not at all. Indeed, the proposed Canadian Journalism Fund was designed by news media organizations themselves to ensure that would never be the case. We would never volunteer the integrity and independence of our publication in exchange for a few pieces of silver.

It also builds on the current Canadian Periodical Fund, which has existed in various iterations since Confederation – without ever being accused of compromising the integrity and independence of Canadian journalism.

Moreover, the CBC, as well as local TV and radio, have all received millions of public dollars and yet continue to operate with integrity and independence.