

We should all be very concerned by the crisis facing quality journalism

The Trudeau government has either ignored or rejected virtually all the recommendations proposed to help support newspapers, writes John Honderich

Canada is facing a crisis of quality journalism.

Reporters are being laid off in droves, many smaller communities are now "news deserts" with no local newspaper, and the amount of serious investigative journalism is declining sharply.

And if you believe, as I do, that a vigorous, investigative press is essential for a strong democracy, we should all be very concerned.

At the beginning of its mandate, the Trudeau government seemed to share that concern. It commissioned the Public Policy Forum, under the direction of veteran editor and journalist Ed Greenspon, to study the issue.

The final report, entitled "The Shattered Mirror," was released a year ago. It outlined in vivid detail the crisis and put forward 12 core recommendations.

The government also commissioned the Commons committee on Canadian heritage, under Vancouver MP and former journalist Hedy Fry, to conduct a parallel investigation. After months of hearings and dozens of witnesses, it came up with 20 practical recommendations.

For the record, it should be noted I participated in both processes. As chair of Torstar and a 40-year veteran of the Toronto Star, I care passionately about quality journalism and the health of our democracy. Needless to say, the very survival of Torstar's dailies and weeklies is also foremost on my mind.

That said, now that the Trudeau government is more than halfway through its mandate, what has been its response?

My view? Studied indifference.

Across the board, the

Trudeau government has either ignored or rejected virtually all the recommendations. What particularly stings is that the vast majority would not cost taxpayers anything.

To make matters worse, in announcing her government's decisions, Heritage Minister Mélanie Joly emphasized her government wasn't interested in bailing out "industry models that are no longer viable."

Left starkly unclear was where quality journalism would then originate. And newspaper executives, myself included, were left asking: if this is what the Trudeau government really thinks, then why did we go through this lengthy process?

To illustrate the point, let me chronicle the fate of 10 recommendations:

1. Copyright protection for newspapers: Under Canadian copyright law, original content from Canadian newspapers can be easily duplicated and distributed on the internet for free.

This has become a real annoyance, particularly when aggregators, bloggers or others use original material without permission or fee.

The Public Policy Forum recommended Ottawa amend the law to help newspapers protect their content "for a reasonable time." Newspapers, understandably, have also argued they should be paid for their content.

The result? Nothing to date.

2. Facebook and Google: These two multinational giants now control more than 70 per cent of all digital advertising in Canada. Yet the playing field is patently unfair for Canadian media.

Under Canadian tax law, companies can deduct the cost of advertising only



JOHN HONDERICH
Column

if ads are placed in Canadian publications. Yet this law does not apply to the internet.

So not only do Facebook and Google not pay corporate tax or GST/HST, because they are headquartered outside Canada, but they accept ads on the same basis as Canadian media.

The list of countries that have sought to address similar concerns is impressive: New Zealand, Norway, South Korea, Japan, Switzerland, South Africa and Israel, as well as the European Union. Last month Australia launched its own investigation. Both the Public Policy Forum and many media groups have asked Ottawa to do the same.

The result? Nothing to date.

3. Federal government advertising: For the past several years, Ottawa has followed a "digital-first" strategy in placement of federal ads.

That, in turn, has led to a reduction in the proportion of federal spending for daily newspaper ads by 96 per cent and for community newspaper ads by 21 per cent. These figures, importantly, come directly from the Department of Canadian Heritage.

The issue was fully studied last year by the Commons standing committee on government operations and estimates.

In its final report, it concluded Ottawa's advertis-

ing strategy had resulted in a "misalignment" of the reality that many Canadians still rely on traditional media. It urged more spending be directed to traditional media "including TV, radio and print media."

The result? Nothing to date.

4. Digital tax credits: The heritage committee recommended that newspapers be given a temporary five-year tax credit for a portion of the labour and capital they spend on digital innovation.

In fact, Ontario also had a digital media tax credit but it has been discontinued.

The result? Nothing to date.

5. Canada Periodical Fund: Since before Confederation, this fund and its precursors have provided financial support to Canadian magazines and weeklies.

Macleans magazine, for example, receives \$2 million annually from this fund, allowing it to continue in operation.

Both the Public Policy Forum and the heritage committee recommended that daily newspapers be included in this fund.

The result? Idea rejected.

6. The Canadian Press: Canada's national wire service, which celebrated its 100th anniversary last year, has had a pension problem for several decades.

Eight years ago, the three owners of CP (one being Torstar) went to Ottawa to see if CP could get an extended period to meet its obligations. The proposal, fully supported by CP's staff, was enthusiastically endorsed by then finance minister Jim Flaherty. And it cost Ottawa nothing.

"CP is too important to this country," he told us.

Eight years later, interest rates being even lower, the three owners returned

to Ottawa to see if this relief could be extended. In countries such as France, for example, the French equivalent of CP is seen as so important to French democracy that the government directly subsidizes it.

And what did current Finance Minister Bill Morneau tell us? "Why should I do anything special for CP?"

The result? CP's request was denied.

One year later, CP is entering a different federal relief program. But it has been a slog.

7. CP and local journalism: To help provide news coverage in smaller communities,

the Public Policy Forum suggested The Canadian Press be given the mandate and resources to fill the gaps.

The idea is for CP to hire 60 to 80 reporters across the country to do the bread-and-butter coverage of city halls, courts and legislatures. The estimated cost is \$8 million to \$10 million a year. A similar concept has been rolled out in Great Britain by the BBC.

The result? Nothing to date.

8. CBC and cbc.ca: The huge exception, of course, to Ottawa's studied indifference is our national broadcaster. The Trudeau government has pledged an additional \$675 million over five years to the CBC.

Parenthetically, just 1 per cent of Ottawa's total funding to the CBC would pay for more than half the Toronto Star's newsroom.

In today's digital world, the greatest competitor to Canadian newspaper websites is cbc.ca. It is an excellent website, flush with resources and funded, of course, by the public. Not only that; it is free. Furthermore, it is out in the market competing for digital advertising.

The heritage committee, in its report, proposed that Canada adopt the British model where the BBC does not compete for ads. The rationale is that the public broadcaster has an obvious advantage with its guaranteed public funding.

The result? Idea rejected.

9. Non-profit journalism and philanthropy: In the U.S., Germany and other countries, non-profitable journalism ventures are funded by grants from foundations.

Under their laws, such grants are considered charitable donations. This is how such renowned American investigative websites as ProPublica survive. In Britain, the Guardian is owned by a trust and supported partly by grants and reader contributions.

Both the Public Policy Forum and the federal task force on charities urged the passage of similar legislation in Canada.

The result? Idea rejected.

10. Investigative journalism support: To help promote investigative and civic journalism, the Public Policy Forum recommended the creation of a legal advisory service.

Large newspapers, such as the Star, have in-house counsel who provide essential legal advice on difficult investigations or articles. For smaller publications, these costs can be prohibitive.

The result? Nothing to date.

In summary, this list speaks for itself. In fact, there are other more expensive proposals that are deliberately not included. Again, most of the 10 above cost nothing, but rather involved changing the law or practice.

Studied indifference.

I believe this country and its journalism and democracy deserve better.

— John Honderich is the chair of Torstar, the Toronto Star's parent company.

I believe this country and its journalism and democracy deserve better.