

# BLACKLOCK'S Reporter

MINDING OTTAWA'S BUSINESS

Hon. Dr. Hedy Fry, chair  
Commons Standing Committee on Heritage  
RE: Bloc Québécois Motion, *National Forum On The Media*

February 19, 2024

- 1) A national forum on media will never mention points in this brief.
- 2) The motion implies a news crisis is universal, foreigners are to blame and federal intervention is effective and praiseworthy. The motion echoes assertions of News Media Canada representing the largest, most heavily subsidized, most unprofitable corporate newsrooms.<sup>1</sup>
- 3) Lobbyists assert losses are due not to mismanagement but cruel circumstance, “big tech” and insufficient “concrete steps the government can take to address this.” This is self-serving. Each publisher is free to choose their own business model. We did.
- 4) Cabinet as late as 2017 opposed direct aid for failing newsrooms. “Our approach will not be to bail out industry models that are no longer viable,” said then-Heritage Minister Mélanie Joly. “Rather, we will focus our efforts on supporting innovation.”<sup>2</sup>
- 5) *Blacklock's Reporter* is a small, independent publisher specializing in aggressive, high volume, document-driven coverage of Parliament, *Access To Information*, public accounts, courts and tribunals. *Blacklock's* has subscribers nationwide. Costs are recovered through subscriptions and licenses starting at \$314 annually. Our business model is 272 years old.<sup>3</sup>
- 6) We thrive because social media platforms created a marketplace of 33 million Canadian internet users accessible at low cost. We monetize this through storefront sales of subscriptions and licenses. “Big tech” allowed us to build a national customer base so broad no single licensee accounts for more than one percent of annual revenues.
- 7) News Media Canada in 2019 sought direct subsidies on assertions that a) no Canadian newsroom can thrive without subsidies, that subsidies are b) temporary, c) fair and d) effective, that e) subsidies do not corrupt news coverage and f) readers will never notice. These claims are false.

<sup>1</sup> *Pre-Budget Consultation In Advance Of 2024 Federal Budget*, August 2, 2023 submission to the Commons Standing Committee on Finance by News Media Canada

<sup>2</sup> *Blacklock's Reporter* September 29, 2017, “No Government Bailout For Dailies”

<sup>3</sup> *The Rise Of The Canadian Newspaper* by Douglas Fetherling, 1990 Oxford University Press, pg. 4: “The first issue of Bushell's *Halifax Gazette* appeared March 1752. It was from this paper that not only today's *Halifax Chronicle Herald* but all of Canada's daily journalism might be said to derive.”

### A. 'No Canadian Newsroom Thrives Without Subsidies'

8) *Blacklock's* is the only unsubsidized Canadian-own news agency accredited by the Parliamentary Press Gallery. Like publishers targeted by the 1981 Kent Commission, we are "alarmed" by federal interference in newsrooms.<sup>4</sup>

9) *Blacklock's* is in its 12<sup>th</sup> year. The company is profitable and debt-free. We have never missed a shareholders' dividend. We have no "angel investors" or "big tech" funding. We have never paid for Google placements. Our advertising is closed to all but longtime sponsors.

### B. 'Subsidies Are Temporary'

10) News Media Canada won \$595 million in subsidies on a promise aid was temporary, expiring in 2024. "There does need to be a deadline," testified Bob Cox, then-chair of News Media Canada and publisher of the *Winnipeg Free Press*.<sup>5</sup>

11) "Can you give us a sense of how long this transition will last?" asked Liberal MP Rachel Bendayan (Outremont, Que.). "The program itself is envisioned to be for five years," replied Chair Cox. "I felt that was an appropriate period of time for the transition because of course there will be news outlets, newspapers, that fail the transition and you can't give them forever. There does need to be a deadline. Deadlines can focus you and get you moving to where you aren't moving now. I think it's important. I see this as a transitional program and temporary help. I don't like the idea of a long-term subsidy for newspapers that became permanent."

### C. 'Subsidies Are Fair'

12) The Canada Revenue Agency rewards "qualified" newsrooms with a 15 percent digital subscription tax credit. Only newsrooms that apply for subsidies "qualify." *Blacklock's* readers are disqualified since we neither solicit nor accept subsidies. This unfairly penalizes our readers.

### D. 'Subsidies Are Effective'

13) Heritage Canada in 2023 acknowledged federal intervention was futile and "cannot redress the structural decline" of failing newsrooms.<sup>6</sup> The department confirmed no net job creation resulted from subsidies.<sup>7</sup> This was predictable.

14) "Government is saying you need to give me money forever because nobody is buying my buggy whips," testified Sue Gardner, former CBC executive.<sup>8</sup> The state of subsidized journalism was "appalling," said Gardner. "It's terrible. I don't think anybody is arguing differently."

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<sup>4</sup> Cabinet minutes, May 6, 1982 pg. 7: "Mr. Fleming stated the recommendations of the Commission had alarmed almost every interest group and individual associated with newspapers."

<sup>5</sup> Commons Standing Committee on Finance testimony, May 15, 2019

<sup>6</sup> May 17, 2023 briefing note *The Online News Act*: "The government supports journalism in several ways but supports alone cannot redress the structural decline of the current business model."

<sup>7</sup> Departmental *Question Period* note, May 5, 2020, *Improvements To Federal Support For Journalism*

<sup>8</sup> Commons Standing Committee on Canadian Heritage, November 1, 2022.

15) Newsroom subsidies were used to pay debts, dividends and executive salaries. In one case documented in Court filings,<sup>9</sup> Saltwire Network Incorporated pocketed subsidies while laying off 237 employees including longtime staff with up to 33 years' service.<sup>10</sup>

16) The *Winnipeg Free Press* received \$822,000 in annual payroll rebates.<sup>11</sup> In 2023 it closed its Parliament Hill bureau after 128 years. There was no announcement.

17) The *Toronto Star* qualified for \$6 million in annual rebates.<sup>12</sup> In 2023 it cut 600 Metroland Media Group jobs and permanently closed its Vancouver bureau.

18) Black Press Group Ltd. received \$985,000 in annual Periodical Fund subsidies. In a 2024 bankruptcy court filing it detailed a years-long campaign of job cuts in a failed bid to recoup US\$149 million lost in a venture in Akron, Ohio. Subsidies did not create jobs or improve journalism.<sup>13</sup>

#### D. 'Subsidies Do Not Corrupt News Coverage'

19) News Media Canada at 2019 acknowledged the predicament, dismissively. "I have not noticed this," testified Chair Cox. "Even I cannot get journalists to write what I want and I sign their paycheques."<sup>14</sup>

20) Corrupted coverage is evident in what the press does *not* write. Honest reporting is "complete," a former *Ottawa Citizen* publisher wrote in the 2003 *Canadian Parliamentary Review*. News must not be withheld "in pursuit of rewards or because of fear of consequences."<sup>15</sup>

21) When News Media Canada petitioned MPs August 2, 2023 to make temporary payroll rebates permanent at double the rate to \$29,750 per newsroom employee, no News Media member reported the fact. We did. When cabinet doubled rebates in its November 21, 2023 *Fall Economic Statement* at a \$129 million cost, no member reported the fact. We did.

22) "Canada is facing not one news crisis but two," testified Jeanette Ageson, publisher of *The Tyee*. "One is financial. The other is the crisis of distrust. Canadians are expressing unprecedented distrust towards the news and the reporters who deliver it. Canadians need to know who is funding the news they received and on what terms. We need to rebuild trust in news, not damage it further."<sup>16</sup>

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<sup>9</sup> *Babineau v. Saltwire* 2021, Nova Scotia Supreme Court 298

<sup>10</sup> *Blacklock's* November 15, 2021, "Took Subsidies Then Cut Jobs"

<sup>11</sup> FP Newspapers 2021 *Financial Statements*

<sup>12</sup> Torstar Corporation, 2019 *Management's Discussion And Analysis*

<sup>13</sup> British Columbia Supreme Court *Companies' Creditors Arrangement Act* filing January 15, 2024, Vancouver Registry file S-240259

<sup>14</sup> Commons Standing Committee on Finance May 15, 2019

<sup>15</sup> "Reflections On The State Of Canadian Media" by Russell Mills, *Canadian Parliamentary Review*, Vol. 26, No. 4, 2003

<sup>16</sup> Commons Standing Committee on Canadian Heritage, September 27, 2022

### E. 'Readers Will Never Notice'

23) "Direct aid to the people who will report the news, that's dangerous," testified John Miller, former *Toronto Star* foreign editor and Professor Emeritus at Toronto Metropolitan University. "For instance, say I'm a reporter on a story about some scandal in government and for various reasons it's not there and I back off. If one of my readers finds out about that, how will I defend myself when a reader says it's because I am getting money from government?"<sup>17</sup>

24) Taxpayers do not trust subsidized media. Asked, "How much confidence to you have in the Canadian media?" only 31 percent of Canadians questioned in a Statistics Canada *Social Survey* expressed a "good or great deal of confidence in media."<sup>18</sup>

25) The CRTC reports that five years after direct subsidies were introduced, Canadians shared a "relatively weak" opinion of media. "Fewer agree they trust the information provided by news media in Canada (36 percent)," said the Commission.<sup>19</sup>

26) "The more government assistance news media get, the more broken the relationship with readers becomes," testified Peter Menzies, former *Calgary Herald* editor in chief. "The more that relationship is broken, the more subsidies will be required. And so it goes."<sup>20</sup>

### RECOMMENDATION

Get out of the newsroom.

Respectfully submitted



Tom Korski, managing editor



Holly Doan, publisher

*Blacklock's Reporter*

<sup>17</sup> Senate Standing Committee on National Finance May 28, 2019

<sup>18</sup> StatsCan November 14, 2023, "New Data On Confidence In Canadian Institutions"

<sup>19</sup> CRTC *Public Opinion Research Tracker*, October 23, 2023

<sup>20</sup> Commons Standing Committee on Canadian Heritage, September 27, 2022