

July 16, 2019  
Ottawa

For: Hon. Pablo Rodriguez, Minister of Canadian Heritage and Multiculturalism  
Hon. Bill Morneau, Minister of Finance

Dear Ministers:

The Journalism and Written Media Independent Panel of Experts has completed its work and is presenting to you its final report and recommendations for the effective and equitable implementation of the tax measures in support of Canadian news media provided in Budget 2019.

The Panel would like to thank the Government for introducing this program, which recognizes the important role that written journalism outlets fulfill in preserving democracy in communities across Canada. These tax credits offer important support for many organizations that provide general interest news to Canadians.

The Panel wants to stress that this program alone will not be enough to prevent the disappearance of many essential sources of information, especially small local news media outlets that are not covered by the Budget 2019 measures and that are extremely vulnerable. Other support programs should be considered. It has been well-documented that the written news media industry is in crisis. It is estimated that foreign-owned digital media such as Google and Facebook will take \$7 billion in advertising dollars out of the Canadian economy this year. Daily newspaper ad revenues are half what they were a decade ago. According to data compiled by the Local News Research Project, more than 250 Canadian news outlets have closed in the past decade. The Public Policy Forum's Shattered Mirror report found one-third of journalism jobs disappeared in Canada over a six-year span. Digital-only news outlets are not filling the gap, and foreign-owned digital companies are not funding the creation of Canadian news in any significant way, despite benefiting from the work done by traditional news outlets. The tax credits program, as positive as it is, will not suffice to counter these disastrous effects.

We urge the Government to move quickly to implement these fiscal measures now that the budget legislation has been proclaimed so that news organizations facing layoffs and closures can be certain of receiving much needed help. To that end, the Panel has provided clear definitions of general news and eligible newsroom employees so that written news outlets can assess whether they are Qualified Canadian Journalism Organizations for the purposes of these tax credits and so that the Canada Revenue Agency can assess applicants, as it does for other tax credit programs. We have provided unambiguous and objective criteria that have wide agreement among the many organizations represented by the Panel. We have left little room for subjective judgment calls. Our goal was to clearly identify the news outlets eligible for this particular Government program and not to try to determine some kind of status as an "approved journalism organization."

In the interests of moving quickly, we have recommended that the tax credits be implemented and administered directly by the Canada Revenue Agency. We have recommended that the Government appoint an advisory body, with members drawn from the faculty of post-secondary journalism schools across Canada, to assist the Minister of National Revenue with this program.

We recommend that the advisory body not certify all Qualified Canadian Journalistic Organizations, but that the CRA refer matters to the advisory body when the CRA has questions about whether an application meets the journalistic criteria of the program. We will supply names of suggested appointees to this advisory body under separate cover for privacy reasons. The Government will make public the names of the final appointees.

We have made a number of other recommendations to improve this program and to further help written journalism organizations, especially smaller outlets, and those representing minority-language and ethnic communities. These publications, print and digital, are vital to their many readers, and are often the only independent news media serving a community. Most do not qualify for existing government assistance programs.

While Government help is welcome, it does not replace Government advertising or compensate for its disappearance. We urge the Government to make a commitment to spend a substantial portion of its annual advertising budget in written news media, as it once did. News outlets in print and digital formats reach larger audiences than ever. They efficiently reach Canadians and are an effective way of communicating important public messages. Yet the Government spends little on these platforms, while directing money to foreign-owned digital companies that do not fund Canadian newsrooms.

Further, a longer-term solution must be found to preserve the ability of our society to receive original, independent reporting on matters of public interest. Governments in other countries, including Great Britain and Australia, have taken a comprehensive approach to the challenges posed by foreign-owned digital firms dominating social and search media, while not facing the same regulation and taxation of legacy media companies. Organizations that benefit from Canadian news content should be required to participate in its financing. Unless this is addressed, new business models will not emerge to support independent journalism in Canada, and the result will be a less informed and less engaged public.

The need is urgent. There has been a significant amount of consultation and study over the past four years, including work done by the House of Commons Standing Committee on Canadian Heritage and the Public Policy Forum. The crisis in the written news media industry, and its causes, are well known. Possible solutions have been identified to help sustain independent journalism in Canada for the long term. We are glad the Government has acted with this program, but stress that more needs to be done.

In conclusion, the Panel would like to thank the Government for providing us with the opportunity to help shape this very important program. We remain available to answer questions regarding our report and recommendations.

Sincerely,



Bob Cox,  
Chair, Journalism and Written Media Independent Panel of Experts, on behalf of Esther Enkin, Brad Honywill, Pierre-Paul Noreau, Brenda O'Farrell, Thomas Saras, Pascale St-Onge, and Pierre Sormany

# **Report of the Journalism and Written Media Independent Panel of Experts**

## **Contents**

- Page 1:** Proposed interpretation rules and definitions for Qualified Canadian Journalism Organizations
- Page 6:** Proposed structure of an advisory panel to assist in assessing the eligibility of Qualified Canadian Journalism Organizations
- Page 7:** General recommendations of the Journalism and Written Media Independent Panel of Experts
- Page 10:** Appendix "A" – Les Amis du Devoir

## **Members**

Bob Cox, News Media Canada

Esther Enkin, Canadian Association of Journalists

Brad Honywill, Unifor

Pierre-Paul Noreau, Association de la presse francophone

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Proposed interpretation rules	Règles d'interprétation proposées par le comité
<p style="text-align: center;"><b>First Step: accreditation as a Qualified Canadian Journalism Organization (QCJO)</b></p>	<p style="text-align: center;"><b>Première étape : qualification à titre d'Organisation journalistique canadienne admissible (OJCA)</b></p>
<p>1. The qualified journalistic organization must devote its time primarily to the production of original written news content for <b>Canadian audiences</b>, regardless of the language of publication. Furthermore:</p> <ul style="list-style-type: none"> <li>• It has been in operation for at least 12 months before presenting its application;</li> <li>• It has published at least 10 editions in the last 12 months;</li> <li>• and, in the case of web sites that offers video and audio files, at least 60% of the content is written.</li> </ul> <p>2. Internal publications of companies, private or public bodies, or associations are excluded.</p> <p>3. The terms <b>written news content</b>, as used in the legislation, covers the editorial content of the publication. It includes news, features, investigation, profiles, interviews, and analysis or commentary, based on journalistic processes and principles, intended for a general audience.</p> <p>Journalistic processes and principles include:</p> <ul style="list-style-type: none"> <li>• a commitment to researching and verifying information before publication;</li> <li>• a consistent practice of providing rebuttal opportunity for those being criticized and presenting alternate perspectives, interpretations and analyses;</li> <li>• an honest representation of sources;</li> <li>• a practice of correcting errors.</li> </ul> <p>Content not considered as editorial content: advertisements, listings, catalogues, directories, guides, financial reports, schedules, calendars, timetables, comic books, cartoons, puzzles, games and horoscopes. Advertisements include</p>	<p>1. L'organisation journalistique admissible doit principalement consacrer son temps à la production de contenu de nouvelles originales écrit destiné à <b>des auditoires canadiens</b>, quelle que soit la langue de publication. En outre :</p> <ul style="list-style-type: none"> <li>• elle a été en opération depuis au moins 12 mois;</li> <li>• et elle a publié au moins 10 éditions au cours des derniers 12 mois;</li> <li>• et, dans le cas des sites webs offrant des contenus vidéo ou audio, l'écrit forme plus de 60 pour cent du contenu.</li> </ul> <p>2. Les publications internes d'entreprises, d'organismes privés ou publics, ou d'association sont exclues.</p> <p>3. L'expression <b>contenu de nouvelles</b> utilisé dans la Loi désigne le contenu éditorial d'une publication. Cela comprend les nouvelles, reportages, enquêtes, portraits, interviews, analyses ou commentaires, basés sur la méthode et les principes journalistiques, et s'adressant au grand public.</p> <p>La méthode et les principes journalistiques comprennent :</p> <ul style="list-style-type: none"> <li>• un engagement à rechercher et à vérifier l'information avant publication ;</li> <li>• une pratique consistante de donner aux personnes critiquées l'occasion de réagir et à présenter une diversité de points de vue et d'analyses ;</li> <li>• une présentation honnête des sources;</li> <li>• une politique de rectification des erreurs.</li> </ul> <p>Ne sont pas considérés comme du contenu éditorial: la publicité, les listes, catalogues, annuaires, guides, rapports financiers, horaires, calendriers, échéanciers, bandes dessinées, casse-tête, jeux et horoscopes. La publicité inclut les contenus promotionnels,</p>

<p>promotional content, sponsored content, branded content (any content where a third party, advertising client or business partner, participates in the development of the concept or directs or gives final approval to a large portion of the content) as well as stories produced primarily for industrial, corporate or institutional purposes.</p> <p>4. The <b>original news content</b> (or original editorial content) is the content for which research, writing, editing and formatting are conducted by and for the organization. This original content should represent more than 50% of the publication's editorial content, over the course of the year. The rewriting, translation, reproduction or aggregation of news from external sources (including articles from news agencies or any other publication) is not considered original news content. The publication of this type of content must not represent the principal activity of the journalistic organization, in order for it to be eligible.</p> <p>5. To be considered as an eligible QCJO, the publication must regularly cover democratic institutions and processes.</p> <ul style="list-style-type: none"> <li>• <b>Democratic institutions</b> include legislatures bodies, municipal councils, courts of justice, school boards, etc.</li> <li>• <b>Democratic processes</b> has a broader scope, and includes all issues of public interest that may come before government or any other public decision body.</li> </ul> <p>6. Furthermore, the publication must be focused on <b>matters of general interest</b>. It means that:</p> <ul style="list-style-type: none"> <li>• it is aimed at a general audience (lay persons) rather than specialists of a specific field,</li> <li>• it offers a diversity of content, including at least 3 among the following 9 areas: local news; national news; international news; social issues (such as health, education, faith and ethics); business and economy; sports; culture; science and technology; environment.</li> </ul> <p>7. Its content can be of general interest even if it is intended for a local or a specific cultural community.</p> <p>8. The expression "<b>regularly employs</b>" refers to the</p>	<p>sponsorisés ou "de marque" (tout contenu où une tierce partie, annonceur, client ou partenaire, participe au développement du concept, dirige la rédaction ou donne son approbation finale à une bonne partie du contenu) ainsi que les reportages réalisés au bénéfice d'une industrie, d'une entreprise ou une institution.</p> <p>4. Le <b>contenu de nouvelles original</b> (ou contenu éditorial original) est celui dont la recherche, la rédaction et la mise en forme ont été menées par et pour l'organisation. Ce contenu original doit représenter plus de 50 % du contenu éditorial, au cours de l'année. La réécriture, la traduction, la reproduction ou l'agrégation de nouvelles de sources externes (y compris les articles d'agences de presse ou les articles repris d'une autre publication) ne constituent pas du contenu de nouvelles originales. La publication de ce type de contenu de doit pas représenter l'activité principale de l'organisation journalistique, pour qu'elle soit admissible.</p> <p>5. Pour être reconnue comme OJCA, le média doit couvrir les institutions et les processus démocratiques.</p> <ul style="list-style-type: none"> <li>• <b>Les institutions démocratiques</b> incluent les instances parlementaires, les conseils municipaux, les cours de justice, les conseils scolaires, etc.</li> <li>• <b>Les processus démocratiques</b> couvrent un éventail plus large, et incluent tous les enjeux d'intérêt public qui pourraient être référés au gouvernement ou à toute autre instance décisionnelle publique.</li> </ul> <p>6. En outre, la publication doit être considérée comme <b>d'intérêt général</b>. Cela signifie que :</p> <ul style="list-style-type: none"> <li>• elle s'adresse au grand public, par opposition à un auditoire spécialisé dans un domaine spécifique;</li> <li>• elle couvre une diversité de sujets, dans au moins 3 des 9 domaines suivants : nouvelles locales; nouvelles nationales; nouvelles internationales; enjeux sociaux (santé, éducation, religion et éthique...); affaires et économie; culture; sports; science et technologie; environnement.</li> </ul> <p>7. Un contenu peut être d'intérêt général même s'il s'adresse à une communauté locale ou une communauté culturelle spécifique.</p> <p>8. L'expression « <b>emploie régulièrement</b> » signifie que ces</p>
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employment of journalists at regular intervals, either full-time or part-time, even if their position is temporarily unoccupied.

9. The term "**journalists**" should be understood in the broad sense given to it by media companies and professional associations of journalists, which includes all newsroom employees who exercise journalistic judgement in selecting, planning, assigning and producing news content, including research and collection of facts, data analysis, writing and copy editing, fact-checking, illustration, photography and videography, graphic presentation and adaptation of news content to digital formats.

Journalistic judgement shall include considerations of importance, timeliness, public interest, balanced coverage, fairness, sensitivity to public mores and values, placement and prominence of photos, titles and specific elements of articles, and artistic value.

The following tasks do not fall within the definition of journalistic work:

- solicitation, design or production of advertising;
- advertorials, sponsored content, branded content (any content where a third party, advertising client or business partner, participates in the development of the concept or directs or gives final approval to a large portion of the content);
- stories produced primarily for industrial, corporate or institutional purposes;
- editing content that is entirely or principally accumulated or produced by algorithms or by aggregation software.

10. The term "**non-arm's length**" generally refers to persons who are related by family ties under Canadian tax law.

11. The following types of publications are ineligible as

journalistes travaillent normalement pour l'entreprise, que ce soit à temps plein ou à temps partiel, même si leur poste est temporairement inoccupé.

9. Le terme « **journalistes** » doit être compris au sens large que lui donnent les entreprises de presse et les associations professionnelles de journalistes, et inclut tous les employés qui exercent un jugement journalistique dans la sélection, la planification, l'assignation et la production du contenu de nouvelles, incluant la recherche et la collecte des faits, l'analyse des données, la rédaction et l'édition des textes, la vérification des faits, l'illustration, la photographie et la vidéographie, la présentation graphique et l'adaptation du contenu de nouvelles aux formats numériques.

Le jugement journalistique porte sur des considérations d'importance, de pertinence dans le temps, d'intérêt public, de couverture équilibrée, l'équité, de sensibilité aux normes et valeurs du public, de mise en évidence des photos, des titres et des éléments des articles, et de valeur artistique.

Les tâches suivantes n'entrent pas dans la définition d'un travail journalistique :

- la sollicitation, la rédaction et la production de la publicité;
- les contenus promotionnels, sponsorisés, ou "de marque" (tout contenu ou une tierce partie, annonceur, client ou partenaire, participe aux développements du concept, dirige la rédaction ou donne son approbation finale à une bonne partie du contenu);
- les reportages réalisés pour le bénéfice d'une industrie, d'une entreprise ou une institution;
- la révision d'un contenu entièrement ou principalement rédigé par des algorithmes ou colligé par des logiciels d'agrégation de contenu.

10. L'expression « **lien de dépendance** » réfère en général à des personnes liées par des liens familiaux selon les termes des lois fiscales canadiennes.

11. Les types de publications énumérées ci-dessous ne sont pas

<p><b>Qualified Canadian Journalistic Organizations</b> within the current law:</p> <ul style="list-style-type: none"> <li>• publications produced by or for an organization that primarily reports on the activities or promotes the interests of the organization or its members;</li> <li>• publications produced by or for an organization providing goods or services in which the main goal of the publication is to promote the sales of the goods or services;</li> <li>• publications that receive funding from foreign entities, including foreign governments, businesses organizations and individuals, for the purpose of exerting control over editorial content;</li> <li>• professional association publications;</li> <li>• publications produced by or for a government, a Crown Corporation or a government agency;</li> <li>• publications whose editorial content is primarily reproduced or repeated from current or previous issues of the same or other publications;</li> <li>• publications with editorial content that is more than 50% of the following, singly or in combination: listings, catalogues, directories, guides, financial reports, schedules, calendars, timetables, comic books, cartoons, puzzles, games and horoscopes;</li> <li>• pamphlets and other publications whose editorial content consists mainly of opinion texts;</li> <li>• Publication used for the diffusion of hate content;</li> <li>• loose-leaf publications.</li> </ul>	<p>admissibles comme organisations journalistiques canadiennes aux fins de la présente loi :</p> <ul style="list-style-type: none"> <li>• les publications produites par ou pour un organisme qui fait principalement état d'activités ou promeut les intérêts de l'organisme lui-même ;</li> <li>• les publications produites par ou pour un organisme qui fournit des biens ou des services, si le but principal de la publication est de promouvoir la vente de ces biens ou services ;</li> <li>• les publications financées par des entités étrangères, qu'il s'agisse de gouvernements, d'organisations ou d'individus qui influencent le contenu éditorial;</li> <li>• les publications des associations professionnelles ;</li> <li>• les publications produites par ou pour un gouvernement, une société d'État ou une agence gouvernementale ;</li> <li>• les publications dont le contenu rédactionnel est principalement reproduit ou répété de numéros courants ou anciens de la même publication ou d'autres publications ;</li> <li>• les publications dont le contenu rédactionnel est composé à 50 % ou plus de ce qui suit (soit séparément ou combiné): listes, catalogues, annuaires, guides, rapports financiers, horaires, calendriers, échéanciers, bandes dessinées, casse-tête, jeux et horoscopes ;</li> <li>• les pamphlets et autres publications dont le contenu rédactionnel est composé principalement de textes d'opinion ;</li> <li>• Les publications qui servent la diffusion de contenu haineux</li> <li>• les publications sur feuilles mobile.</li> </ul>
<p><b>First Program: Digital News Subscription Tax Credit</b></p>	<p><b>Premier programme : Crédit d'impôt pour les abonnements numériques</b></p>
<p>N. A.</p>	<p>N. A.</p>
<p><b>Second program: Refundable Labour Tax Credit for</b></p>	<p><b>Deuxième programme : Crédit de taxe remboursable pour</b></p>

QCJOs	les journalistes
<p>1. For this refundable tax credit, the legislation uses the term "<b>eligible newsroom employees</b>" rather than journalists, but it specifies that only employees that devote 75% of their time to the production of original news content can be counted for the tax credit. Based on this, an "eligible newsroom employee" is defined in the same way as a "journalist" in the first section (point No. 9).</p> <p>These employees include managers and journalists who work in the planning and production of original news content, including research and collection of facts, data analysis, reporting, writing, fact-checking and copy editing, illustration, photography and videography, graphic presentation and adaptation of news content to digital formats.</p> <p>2. They are considered part of the "<b>newsroom</b>" even if they do not physically work at the media location.</p> <p>3. For this income tax credit, all the employees, including those who are not arm's length from the owner, are eligible.</p>	<p>1. Pour ce crédit de taxe remboursable, la loi parle d' « <b>employés de salle presse admissibles</b> », plutôt que de journalistes, mais elle précise que seuls les employés qui consacrent 75% de leur temps à la production de contenu de nouvelles originales donneront droit à ce crédit, ce qui recoupe alors la définition donnée au terme « journaliste » dans la première section (point 9).</p> <p>Ces employés sont les gestionnaires et les journalistes engagés dans la planification et la préparation des contenus production du contenu de nouvelles originales, incluant la recherche et la collecte des faits, l'analyse des données, l'écriture et la réalisation des reportages, la vérification des faits et l'édition des articles, l'illustration, la photographie et la vidéographie, la présentation graphique et l'adaptation de ces textes aux formats numériques.</p> <p>2. Ils font partie de la « <b>salle de presse</b> », au sens de cette loi, même s'ils ne travaillent pas physiquement dans les locaux du media.</p> <p>3. Pour les fins de ce crédit d'impôt, même les employés dépendant des propriétaires (au sens fiscal : « <i>arm's length</i> ») sont éligibles.</p>
<p><b>Third program: QCJO registered as Qualified Donee</b></p>	<p><b>Troisième programme : enregistrement d'une OJCA comme organisme de bienfaisance</b></p>
<p>N. A.</p>	<p>N. A.</p>



**Journalism and Written Media Independent Panel of Experts**  
**Recommendations**  
**on the Appointment of a Second Administrative Panel**

The Panel recommends:

- 1) Applications for funding shall first be reviewed by the Canada Revenue Agency (CRA). If the CRA does not have any questions regarding journalistic criteria, the applications shall be immediately approved or rejected without referral to the second panel. If the CRA has questions regarding journalistic criteria, such as “what is general interest news” or “what is an eligible newsroom employee,” it shall refer such questions to the second panel. For clarity, the second panel will not be involved in the general review or certification of applications. Its function is to rule on the journalistic criteria only when a case is referred to it by the CRA.
- 2) The Government appoint an advisory body to fulfill the role outlined in Sec. 1, above. This body should be composed of up to five appointees drawn from the faculty, active or retired, of post-secondary journalism schools across Canada, with consideration for the linguistic, cultural and ethnic diversity of the country. At least one should have specific interest in news media serving ethnic and minority communities.
- 3) The qualifications for panel members should include that they:
  - support the package of tax credits to help written news outlets covering general interest news
  - have a broad knowledge of written journalism in print and/or digital formats
  - represent the regions of Canada
  - reflect the diversity of Canada, including Canada’s Indigenous population

**General Recommendations of the  
Journalism and Written Media Independent Panel of Experts**

Many print media outlets in Canada have shuttered their doors in recent years and the dire economic circumstances that existing outlets continue to face threaten several with possible failure in the coming months. The precarious state of the economic viability of Canadian written media outlets (print and digital) is not limited to affecting the tens of thousands of individuals who work in the industry, but holds serious repercussions for all Canadians as it threatens to cripple the public's right to access credible and reliable information and denies Canadians their right to be informed about their democratic institutions at all levels.

The Budget 2019 program that offers refundable tax credits on the salaries paid to journalists, and gives tax credits to citizens (for their digital subscriptions to written news organizations or for their donations to not-for-profit news organizations) is an important measure. However, it is far from offering a sufficient solution for the loss of advertising revenues in written news media, and will not resolve the challenges the written news media and Canadians' right to be informed, unless it is amended and/or complemented by other measures. Other federal programs exist for written media and the Government should do a general review to ensure the measures provide coherent and sufficient support.

Therefore, it is the view of this Panel that the Government should consider the following recommendations:

1. The need for immediate action is crucial, and the Government should implement the measures outlined in the 2019 Budget immediately without delay to allow media firms to apply to become a Qualified Canadian Journalism Organization by Q4 2019.
2. The Federal Government should commit to buying substantial advertising in Canadian written media outlets, print and digital, including Indigenous and third-language ethnic press publications.

**For the proposed initiative, the Government should consider the following amendments:**

3. Raising the salary cap applicable for the tax credit to \$85,000.
4. Raising the percentage of salary allowable for the tax credit to 35 per cent.
5. Increasing the digital subscription tax credit to 25 per cent from 15 per cent.
6. Amending Subsection 149 (1) of the budget legislation to allow charitable foundations that support journalism, but do not specifically meet the criteria of being a Qualified Canadian Journalism Organization, to be recognized as qualified donees that can provide tax receipts to donors. The current legislation excludes organizations such as Les Amis du Devoir, which have a long history of supporting journalism, and which could play an important role in the future funding of journalism. (See "Appendix A")
7. Allowing small publications, which have served established audiences for more than 10 years but do not have two regular employees for the last 12 months, to be able to count freelancers and independent contractors among journalists who regularly contribute to the creation of original content in order to allow them to be considered Qualified Canadian Journalism Organizations. This would include individuals who work as reporters, editors, page designers, photographers and columnists on a regular basis.

### **For small publications:**

Although the initiatives in the 2019 Budget legislation are a good first step, they exclude many small community news outlets. Some of these may be helped by the Canada Periodical Fund's Aid to Publishers program. However, many will have no source of Federal Government assistance. For this reason, the Panel recommends:

8. That the federal government recognize the exceptional challenges faced by small publications that serve minority-language communities and, in keeping with its obligations to support Official Language communities, immediately dedicate a minimum of five per cent of its advertising budget to purchase advertising space in written publications that serve minority language communities to ensure its message is delivered to Official Language communities. (The five-per-cent figure is based on the fact that five per cent of Canadian citizens live in an Official Language minority situation.)
9. An additional program be explored immediately to address the specific needs of small publications, including print and digital, focused mainly on ethnic and Indigenous publications. These publications should also receive their fair share of federal advertising dollars.

To provide further context in support of recommendations 7, 8 and 9, it should be pointed out that, according to data collected by the Local News Research Project, an initiative spearheaded by Ryerson University's School of Journalism, more than 250 Canadian news outlets have closed between 2008 and October of 2018. The vast majority of these outlets – 189 – were small community publications, including many that were independently owned.

### **To ensure long-term viability of the news industry:**

In order to address the long-term viability of the Canadian media industry, the Government should:

10. Address the regulatory and tax laws that unduly favour foreign digital platforms over Canadian-owned media. There is a global effort to change the way that taxation works for digital companies. Great Britain's Cairncross review recently released its report, "A Sustainable Future for Journalism," after an investigation of the viability of the news market, the role of search engines and social media, and the digital ad business. Likewise, the Australian Competition and Consumer Commission recently completed a public inquiry into the impact of digital platforms on competition in media and advertising services markets, in particular in relation to the supply of news and journalistic content. Other countries are also investigating the impact of companies such as Google and Facebook on domestic media markets. Canada should do the same, with a view to making changes that reflect the rapid changes in technology and news consumption habits of Canadians, especially younger Canadians.
11. Amend the *Income Tax Act* so that advertising placements with foreign, internet-delivered media are no longer deemed deductible expenses. This would extend to the Internet the same treatment that print and broadcast media have had for many years. In other words, a Canadian advertiser would not be able to deduct expenses when buying ad space in foreign media, be they digital, broadcast or print.

12. Reform the taxation system so that media companies that benefit from the use of Canadian content contribute to its creation. This includes social media, search platforms and internet providers. This can be done by creating a dedicated fund and redirecting levies paid by these entities to support Canadian news outlets.
  
13. Amend the *Copyright Act* so that originating news outlets are properly compensated for the creation of copyrighted news material that is duplicated across digital platforms.

**The Panel also recommends:**

14. A list of companies that have successfully filed for status as Qualified Canadian Journalism Organizations be publicly available.
  
15. Given that the initiatives outlined in the budget legislation aim to support the creation of news content and coverage of democratic institutions, and that certain companies have eliminated jobs in their newsrooms at the same time as giving executive officers excessive compensation, this Panel strongly urges the Government to require qualifying organizations to recognize that they have an obligation to use publicly funded benefits for the intended purpose of investing in news operations by not awarding excessive compensation to executives at the same time as they receive assistance from the program.

## Appendix "A"

Les Amis du Devoir  
 (Friends of Le Devoir)  
 Background information  
 By Brian Myles, Editor, Le Devoir Inc.  
 July 9<sup>th</sup>, 2019

Le Devoir's Governance rests on three pillars:

**Le Devoir Inc:**

Is a for-profit corporation that publishes the print and digital editions. Le Devoir Inc. has a board of directors composed of fourteen members, seven of which are shareholders. The editor (Brian Myles) controls 51 % of the voting shares belonging to Fiducie Le Devoir.

**Fiducie Le Devoir:**

Is a perpetual Trust (not-for-profit) that owns 51 % of the voting shares in Le Devoir Inc. A board of directors of three trustees appoints the editor and acts as a watchdog to make sure Le Devoir Inc. remains truly independent (it can never be sold).

**Friends of Le Devoir:**

Is a not-for-profit corporation registered under federal law. The initial Friends of Le Devoir society was founded in 1916. Friends of Le Devoir has an independent board of directors. Its sole purpose is to:

1. raise funds for Le Devoir Inc.;
2. give prize money to journalism students; and,
3. hold public debates on the state of the media/freedom of the press.

Over the past four years, Friends of Le Devoir has been the driving force behind Le Devoir's philanthropic activities, as shown below:

	2015	2016	2017	2018	2019 E
<b>Total donations</b>	\$ 360 000	\$ 271 000	\$ 611 000	\$ 550 000 *	\$ 700 000 *

\* The figures include \$100 000.00 per year paid by Transat to increase Le Devoir's international affairs coverage.

By our estimates, charitable tax incentives could enable Friends of Le Devoir to increase its yearly donations by a factor of 1.5 to two times. The not-for-profit corporation has two potential donors awaiting the fiscal incentives to pledge more than \$500 000.00 in donations.

The recognition of Friends of Le Devoir as a qualified donor is paramount to its financial stability and to Le Devoir's future as an independent and thriving media. Friends of Le Devoir is a not-for-profit registered under federal law. It should be eligible for charitable tax incentives.

I hope the Journalism and Written Media Independent Panel of Experts I will make its recommendation accordingly. I would encourage you to share this document with other members of the panel.

Best regards,

Brian Myles  
 Editor, Le Devoir Inc.