

# Bill C-18: Google and Meta spark crucial test for Canadian journalism

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Credit: AI-generated image ([disclaimer](#))

Three events have recently marked a powerful inflection point in Canadian journalism.

First, [Google](#) and [Meta](#) announced they will no longer share Canadian [news](#) links on their platforms in response to the new [Online News Act](#)

[\(Bill C-18\)](#), designed to make them pay for their use of Canadian journalism. Their actions are receiving global media attention as other countries navigate platform monopolies of digital advertising dollars and the large financial losses for national commercial journalism ecosystems.

Second, two of the country's largest English-language commercial newspaper companies, Nordstar Capital and Postmedia Network, announced they are [exploring a possible merger](#).

And third, Bell Media, which owns CTV, Canada's largest commercial broadcaster with 35 local stations in French and English, announced it would like to [reduce its local news commitments](#) as currently required under CRTC regulations.

These events reflect the changing nature of contemporary journalism systems, described by respected global media economists as "characterized by [volatility, uncertainty, complexity and ambiguity](#)."

## **What's at stake?**

At stake is the nature of the country's communications ecosystem, affecting how Canadians get news and information that matters to them.

As former journalists, researchers and co-founders of The Conversation Canada, a national not-for-profit news organization dedicated to sharing insights from academics, we support the emergence of the best possible journalism ecosystem given the conditions.

Canada is becoming a crucial test for what these systems could and should look like in the 21st century, addressing concerns of what journalism could and should do —and who should do it. Related questions include what is quality journalism content and how much of it is needed.

As important is how much power platforms such as Google and Meta should have to control Canada's communications infrastructures and impact free speech, let alone considerations about the economic conditions for journalism organizations and journalists.

## **The role of Google and Meta**

The decisions by Google and Meta (the parent company of Facebook and Instagram) to remove news will affect almost one in two Canadians (45 percent) who [cite social media as their go-to place for news](#). Social media is the third most-used method to access news in Canada, after the internet (69 percent), which is the main source of news for Canadians, followed by TV news (49 percent).

For now, Canadians won't notice anything different as Google says the changes will take place when the law comes into effect over the coming months. Similarly, Meta plans to phase out news by the end of the year.

If these announcements come into effect, Canadians will still be able to go directly to news sites and receive alerts about news content. Some companies have been planning alternative networks and ways to share their content.

Google also announced that it would close down its Google News Showcase program, [launched in 2021](#). This will impact revenues of more than 150 Canadian news publishers that it currently pays to license their work, including the Globe and Mail and the Toronto Star. Neither Google nor the news organizations have publicly acknowledged the value of these deals.

## **Act expected to take six months to be in place**

These moves by Google and Meta were precipitated by the Online News Act, which became law on June 22. It is likely to take six months to come into force as the Department of Canadian Heritage works out the details on how to enforce it.

The act was intended to help Canada's ailing news industry by forcing Google and Meta to pay for news links on their platforms, with the Parliamentary Budget Office estimating it would bring in over [\\$300 million annually for Canadian media](#).

There would be winners and losers under the act's funding model, with larger conventional journalism organizations —mostly the big broadcasters, including the CBC —being the big winners. Small digital-born organizations would benefit the least.

## How we got here

Both Google and Facebook have been working to negotiate with Canadian media in a pre-emptive strategy to avoid legislation and/or to impact the legislation in their interests.

The main [focus of Google's activities](#) has involved funding individual organizations through direct payment deals for content on Showcase. The company has also provided funding for digital innovation and training, oriented within their own proprietary systems, and boot camps for startup entrepreneurs. For example, in the first year of the COVID-19 pandemic, Google provided [\\$1.5 million to 230 Canadian newsrooms](#).

Similarly, Meta has been active in securing deals with Canadian media in advance of the Online News Act, funding dozens of news publishers through its Local News Accelerator program.

Meta had also been funding local reporters [through The Canadian Press](#), investing \$1 million through a one-year fellowship, which [has been discontinued](#) in response to the passing of the act.

The Canadian act was modeled on 2020 legislation in Australia. There too, the platforms threatened to and did shut down news content during the negotiations. While Australia passed the legislation, it has not been used, leaving Google and Meta to make private deals with media. With the Canadian legislation, Google's concern is the tax on links leaves them in a position with a potential unlimited requirement to pay.

## **Why now?**

The Online News Act is one part of the Liberal government's recent efforts to directly have a hand in subsidizing the journalism industry, a historic approach used in other countries, largely in northern Europe. This is separate to its support of the CBC, the country's public broadcaster.

Ottawa has allocated more than \$600 million since 2017 directly to fund journalism organizations through labor and subscriptions tax credits, which are subsidizing operations, and other funding mechanisms such as pandemic relief and other financial supports.

And this is where the proposed moves by media giants Postmedia, Nordstar (publisher of the *Toronto Star*) and Bell come in.

These crises raise complicated questions about a wide range of policy directions —from financial issues for commercial journalism organizations, to changing audience consumption and trust relationships with conventional media (only 11 percent of Canadians paid for online news in the last year) and technology companies playing a dominant role in the communications ecosystem.

The dominant [perspectives on the policy responses](#) focused on "preservation" of existing players through various forms of protectionist policy, such as the \$600 million in media funding from government. Less prominent are "conservation" approaches, recognizing that the legacy system is facing sustainability challenges that need to be managed but can't be stopped.

These approaches can pit legacy or conventional journalism against digital media, which is a winner-take-all strategy of change that is "[not supported by the facts](#)" or the conditions.

The larger questions for Canadians are about the nature, amount and quality of journalism and who controls its communications infrastructures.

## **Impact of Postmedia-Nordstar merger**

Examples such as the proposed merger of Postmedia and Nordstar illustrate one of the trade-offs under consideration about the amount of journalism content and who is doing it, in addition to journalist economic conditions.

Postmedia and Nordstar account for 57 percent of Canadian daily newspaper titles.

The last time the two companies made a deal to swap papers in 2017 resulted in 291 job losses and continuing centralization of content. More recently, Postmedia cut [11 percent of editorial staff](#).

A second question is having commercial organizations as Canada's dominant media. BCE Inc., the parent company of Bell Media, has revenues in Canada far exceeding those of the tech platforms. Bell Media reported [revenues up 7.2 percent in 2022](#), but BCE CEO Mirko

Bibic said the company's news division incurs annual operating losses of "\$40 million and growing" and that's why "we need to accelerate our shift away from how telecom and [media](#) companies have operated in the past."

[As a social good](#), journalism is in a unique position in part because its impact is not just about economics —it has a proven impact on [democratic accountability](#).

How we understand what is happening now and how we got here is necessary to make sound policy decisions moving forward.

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