

Audio Transcript
Episode 196 of "[E&P Reports](#)" Vodcast Series
with *Mike Blinder*



The banner features the E&P Reports logo on the left, which includes a Wi-Fi symbol and the text 'E&P REPORTS VODCAST'. To the right, the URL 'EditorandPublisher.com/Vodcasts' is displayed in a large, bold font. On the far right, there is an image of a professional microphone and a camera lens. Below the URL, two video thumbnails are shown side-by-side. The left thumbnail shows Paul Deegan, a man with glasses in a blue suit, with his name and title 'Paul Deegan, President / CEO, News Media Canada' below it. The right thumbnail shows Mike Blinder, a man in a light-colored suit, with his name and title 'Mike Blinder, Publisher, E&P Magazine' below it. In the top right corner of the banner area, there is an image of a professional microphone and a camera lens. The E&P logo with the tagline 'NEWSPAPERS | BROADCAST | DIGITAL' is positioned in the top right of the banner area. The 'Episode Sponsor' logo for 'BLOX DIGITAL' is located in the bottom right corner of the banner area.

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[One-on-one with News Media Canada's Paul Deegan as their country's battle with Big Tech heats up.](#)

In this episode of "E&P Reports," we look at the last few weeks in the life of Canadian news publishing through the eyes of Paul Deegan, president and CEO of the country's largest industry trade organization, [News Media Canada](#). Deegan unpacks the similarities and differences between Canada and the U.S. in national advocacy of Big Tech compensation legislation. He also discusses the battles that are now going on between Google /Facebook and the Canadian government as the digital platforms threaten to remove news content within the country, and Ottawa fights back by pulling ad dollars from the platforms.



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0:00:03.8 Announcer: This is E&P Reports, a vodcast from Editor and Publisher Magazine, the authoritative voice of News Media since 1884, serving newspapers, broadcast, digital, and all forms of news publishing.

0:00:19.4 Mike Blinder,: Greetings once again, Mike Blinder, Publisher, E&P Magazine. As always, we urge you to follow us on whatever podcast platform you're listening to this program on. Watching on YouTube, below me is a subscribe button and a bell. If you hit them, smash them, click them, don't ignore them, you'll get an update. If you do some action on those each and every time we upload a new episode of this weekly vodcast series, E&P Reports. I'm honored to have Paul Deegan, the president and CEO of News Media Canada. Paul, have we ever met in our journey?

0:00:51.7 Paul Deegan: We haven't in person, Mike yet, but it's a pleasure to be with you today.

0:00:56.3 MB: Oh, boy, our pleasure as well, because your life's been easy up there. Nothing happening, right, just playing golf, relaxing in Canada right now.

0:01:03.9 PD: It's been pretty quiet. Nothing going on here at all, just sleeping in Canada.

0:01:08.8 MB: Canada has become the battleground, I guess, for Western compensation issues, or I guess all compensation issues when it comes to News Media versus big tech. And I guess the guy in the center of it has agreed to be on the program, so we're going to dive into that. But first, let me just offer the audience a little background. Paul, you've been at News Media Canada. Those that don't know who they are, they're like the News Media Alliance NMA of Canada. You've been there since June of 2021. You spent some time at CN which is the Canadian National, right, up there as a vice president.

0:01:42.7 PD: Yep.

0:01:42.9 MB: Yeah, but you got... I dived into your background, sir. Deputy Executive Director of National Economic Council at the White House in the '90s, you were down here?

0:01:53.0 PD: Yep. I had hair back then and that was a long time ago but a lot of fun and worked with a lot of phenomenal people.

0:02:00.1 MB: You were an intern for Senator Edward Kennedy.

0:02:03.8 PD: Yes. Yep. Yep. Lots of fun. Yeah.

0:02:07.0 MB: We could just spend hours talking about some stories you could finally reveal about him.

[laughter]



0:02:15.7 MB: You were back in the good old days of politics where people on both sides of the aisle were friends, right? They used to...

0:02:22.2 PD: Exactly. And same thing, I mean there was lots of friendship back then. I mean, certainly Senator Kennedy and Senator Orrin Hatch were good pals and unfortunately, we just seem so polarized and that's true in the United States but sadly, it's true in Canada here, too.

0:02:38.5 MB: Well, we're going to chat about what's going on in Canada and most importantly, how it impacts all of North America with Paul Deegan, President and CEO of News Media Canada on the backside of this message.

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0:03:53.0 MB: Alright, Paul, the date is June 22nd, 2023. No, not today's date. That's the big day when Bill C-18 was passed by the Canadian Senate, which basically says that you guys up there made big tech like Google and Meta/Facebook pay for the content they monetize. It was huge. I mean, did you see it coming? Was it tight? How did the lobbying effort work, first of all, and how did you get this legislation passed?

0:04:23.2 PD: Sure. So we started on this even before I joined News Media Canada two years ago. There'd been work underway for about five years or so to basically figure out a way to level the playing field between publishers and platforms. And when I joined in June of 2021, the government was sort of... I guess they were originally looking at three ways of addressing this. One was copyright which was going to be complicated, and it would probably take 10 years or something in Canada to get that done. The second one was looking at a fund, so basically tax the tech companies and distribute the money. As publishers we didn't like that approach, because we thought it got government too much into the business of picking winners and losers, and we wanted to keep this on a commercial footing.

0:05:12.4 PD: So around the same time, we were starting to see evidence that the work that Rod Sims had done, and Rod was the chair of the Australian Competition Authority, the phenomenal work that he had done, and money was starting to flow to publishers. So we really zeroed in on that and we pushed that with the government. We actually got lucky because we had an election in September of 2021.

0:05:37.6 PD: And so we met with the various political parties and tried to get this, basically the Australian model or something similar to it, in their party platforms. And we actually got that in several platforms either Australian or a version of it. And then the Liberal Party, which had been the

governing party prior to the election. Justin Trudeau is the leader of it. His party won in the election, and then they... Soon as they were in office, they had this plan to develop legislation, and then we got legislation almost a year and a half ago, introduced in Parliament, which was basically the Australian model. So just for your viewers and listeners in a nutshell, it's the ability for publishers to come together collectively to get us an exemption from the Competition Act to do that, and then also forcing negotiation between publishers and platforms. And then if that negotiation didn't lead to a fair settlement, it would go to a period of mediation overseen by a regulator in Canada, which is similar enough to the FCC in the United States, and then finally to baseball style final offer of an attorney.

0:06:51.8 MB: Which is the dream, right? At least we talked to Danielle Coffey... You must talk to Danielle, who is now running our News/Media Alliance all the time, right? This is...

0:07:00.9 PD: Danielle's phenomenal, and she was one of the first people I reached out to when I got this job, and she and the team of the News/Media Alliance are just fantastic.

0:07:09.1 MB: Alright, I don't know if you... Okay, I gotta get into this first before we then talk about what's happening. I'm frustrated at us down here, and you may have seen my editorial I wrote, maybe not, I just spouted off about how Ben Franklin, one of our founding fathers, put together that wonderful cartoon back in the 1700s, Join or Die. Down here, we had a lot of associations.
[laughter]

0:07:33.9 PD: Yeah.

0:07:34.2 MB: For one industry was just news publishing, which simply means a human being that has to manage journalism, get an audience and monetize it, right? And fill down here our constitutional duty as an impartial, unfettered, check on power. And we've got everybody going in different directions. So in December, when we tried... We were getting close, if you remember down here, Google and Facebook, and this is my opinion, there's others, out-lobbied us. I mean, they went nuts. They told everybody.

0:08:06.5 MB: ACLU got on board, right? "This is going to destroy freedom of speech and only the rich are going to get richer. CNN's going to be the only one that wins. You're helping Rupert Murdoch loot. And there's nowhere it says that local journalism will benefit. Stop this bill, stop this bill." And they threw so much money at it, we got outgunned.

0:08:24.8 PD: Yeah.

0:08:25.4 MB: Did you have the same problem up there or are you a little bit more organized up in Canada?

0:08:29.0 PD: So listen, we were totally outgunned from a dollar perspective. We're a tiny little association, working with Jamie Irving, who was our board chair up until recently. Literally on the lobbying front, it's been the two of us, we've got a part-time lobby consultant in Ottawa, but basically that's it, that's the team and you're against massive companies. And just for perspective, the combined market cap of Google and Meta is bigger than Canada's annual GDP, so these... I

mean, it's tough, right?

0:09:00.4 MB: Yeah.

0:09:01.1 PD: Now, the one advantage I think that we've got in Canada, compared to the US, is our campaign finance laws and political financing laws, there's really not a lot of money in Canadian politics. That helps, right? Because if you're getting a big check from one of these companies or one of the industry associations that they're behind, it's going to influence your decision-making. There's no question. And so we've got less money in politics, and I actually think that's a good thing for our democracy here.

0:09:32.1 MB: But let's go over the timeline now. So we just said June 22nd, was the magic day where Bill C-18 was passed. Almost immediately, within hours, 'cause we have it all here, we reported it all. Meta said, "We're stopping news in Canada." But then it was just a few days later, June 30th, that Google announced, and this was hilarious, on a blog, not even a press release. That they were now going to stop news access and Google News Showcase in Canada, we're pissed, you're dead. That was a big day. That was the day that all... How did you react?

0:10:08.1 PD: Yeah, the Meta one's important, too. Meta is very important to a lot of our publishers, a good number of our publishers already have content licensing agreements with Meta. And this is one of the things in the lead-up to this legislation, both Google and Meta, and presumably in an attempt to fork the need for legislation or regulation, they started doing content licensing agreements with publishers. Now, as you can imagine, they tended to do it with the largest publishers in the land. They certainly left out some notable exceptions especially in the case of Meta. But for example, La Presse, which is probably our most important French language publication in Canada, they're all digital, it's a terrific product. They don't have a deal with either Google or Meta and from our perspective, that's just wrong. So you've got the situation where these companies are effectively picking winners and losers among publishers, and that's not right, that's not fair. So the whole point of this legislation is to try to make sure that as many legitimate publishers as possible are able to get to the table with these companies to get the same type of fair deal that the larger folks have.

0:11:20.5 MB: Well, let me ask you, again I have... Most of the research we unpack here at E&P comes from North American research companies, but mostly US-based, as you likely know. And there's tons and tons of data now that shows that COVID, God forbid, awful. I mean, this awful crisis accelerated some change within the psyche of the American news consumer, knowing the value of local news. In other words, subscriptions went up, not CNN, MSNBC, Fox, not all those echo chambers, local news rose in its dominance. The appetite, I like to say, rose.

0:11:56.8 PD: Yep.

0:11:57.3 MB: Did you have the same phenomena in Canada during COVID?

0:12:00.8 PD: Yeah. We've seen it with some publishers where subscription revenue has really grown. Others are still struggling, and I think it really relates to the product, that you're putting out. I think one of the lessons of the last decade is, "You cannot cut your way to growth." I mean, we're

the... The publishing world is shifting from, let's say, a 70/30 mix of advertising to subscription, that's being turned on its head, and so the only way you're going to get subscription revenue is to produce a quality product with engaging content, and so that's where we hope we're all going. Just back to your comment about the Google blog, it was interesting, and so that was by Kent Walker, who's their chief legal officer. It was three pages and it came in kinda hot, but what we were encouraged by was the last paragraph where he said, "They look forward to working through the regulatory process and hope their concerns can be addressed."

0:12:55.1 PD: And we believe their concerns can be addressed, we've got the legislation in place, but the devil is in the detail on regulation. And we are going through about a six-month period where these regs will be drafted. And what we're saying to both companies is, "Enough of the sabre rattling, put down the sabres, pick up your pens and pencils. Let's get in a room, let's work on this together." And I'm fully confident that if people enter that regulatory process in good faith and in a spirit of goodwill between the government, the platforms and the publishers, we should be able to come up with something that everyone can agree on.

0:13:32.7 MB: Alright... So you just... Thank you. 'Cause this was my next question. Reading between the lines, the latest news that just came out within the last few days, is now your government is mad. "Ottawa, Canadian government will stop buying ads on Facebook." And that's the last press release we got just before the... Kind of the one we got from all the national associations, which was a little short that said, "We're all behind you there, Paul, we love you," Danish and all this. But then your government came out strong, and it's rare to see the government [laughter] say, "We hate tech, we're pulling our ads." Are you becoming like Switzerland? This is an interesting situation where your government's mad. Could your association, the News Media, become that center place where everybody meets and hold hands and sing Kumbaya?

0:14:20.3 PD: Well, it's funny 'cause actually, as you know, it takes a lot to get Canadians upset.

0:14:25.0 MB: Yeah. Totally. Yeah.

0:14:27.8 PD: That was unbelievable. I think it's an important signal though, both from our Prime Minister, Justin Trudeau, and then Pablo Rodriguez, who's our heritage Minister. We're a G7 country, we're a sovereign nation and for companies basically just to threaten to turn off news, that wasn't well-received here, people got their backs up, and when you talk to... And there's one thing you can go on Twitter and see what the reaction is of some folks, but I think you talk to people at Tim Hortons coffee shop, people don't like the idea of a foreign, big tech company basically saying, "I'm going to turn off your news."

0:15:11.9 PD: Now, having said that, I think it's important for everyone to keep the rhetoric in check, whether you are publishers, whether you are governments or platforms, what we want at the end is a fair deal for everybody. Something that the publishers can live with, something that the platforms can live with and that unfortunately takes government intervention, 'cause the market hasn't worked this, we haven't been able to get to a fair settlement. But at the end of the day, I think everyone needs to be grown-ups in this process, and we're 100% confident that this can be addressed. There seems to be a difference right now in terms of the government's approach to Google and Meta, it's Meta that the government has been hammering a bit of late. The signs that

we're getting from the government are their discussions with Google are constructive and obviously, that we're encouraged by that.

0:16:07.7 MB: You have the same problems we do, when it comes to cost of journalism and you just said it yourself, ad revenues. I've been through all the Canadian markets, big and small, let me tell you, it's the same as here. Period. Exclamation point. There's very little difference on the advertising side of a Canadian property and a US property, and I can tell you that from experience, training, revenue generation and more. And the LJSA, are you familiar with that down here, the Local Journalism Sustainability Act?

0:16:38.7 PD: A little bit. And a couple of things that that we're looking at or that we're doing up here, which I think are a model for the US. One is we have a labor tax credit...

0:16:48.7 MB: There you go.

0:16:50.7 PD: It's a 25% labor tax credit. Now it maxes out, is based on a salary cap of \$55,000, we're actually trying to get the government currently to raise that. And there are certain things that are deducted, so we've got what's essentially a postal subsidy for subscription printed newspapers, that's then deducted from that. So we're saying, "Listen, let's just make this a clean 25% credit based on a salary cap of \$85,000." We've also got something called the Local Journalism Initiative, which is similar to the program that they put in place in California, where they've got the 50 journalists, I believe out of the J school at Berkeley. So basically with government funding, we're putting journalists in areas of news poverty, news deserts, etcetera, across the country. That's a phenomenal program. It actually expires this year, and we're trying to get the government to renew it, but it's a great program. We've also got digital subscription tax credits. Now, that's only at 15%. I don't think that's enough to move anyone's behavior. In our view, if you're going to offer a digital subscription tax credit... Well, it's helpful, it should be more in the neighborhood of 50% to actually change people's behavior.

[music]

0:18:08.3 MB: I really wanna thank you for your time, but I wanna take issue with one thing you said, it's hard to make a Canadian mad. It happened to me once, I was in a town called Moose Jaw. You ever been there?

0:18:19.5 PD: I haven't been, but I know where it is.

0:18:21.6 MB: I was actually at the hotel where the famous spa is, where they have the hot springs and everybody's in there in their Speedos. Don't even... That picture will stay in your mind forever but...

0:18:30.7 PD: Bad visual, Mike. [laughter]

0:18:32.5 MB: I was giving a speech to... I was there for Transcontinental, to about 150 potential advertisers about digital in the world in the future, this was years ago, but I mentioned I was from Tampa Bay, the same year we won the Stanley Cup. I got a few boos, I want you to know that, just



a few from people that, "How dare a city without ice win a Stanley Cup?" Don't hold it against us down here, okay?

0:18:56.9 PD: It's okay, I'm sure three quarters of the players on the team were Canadians, so it's okay.

0:19:00.9 MB: Always. I wanna thank you for your valuable time. Paul, thank you. We're going to have you back on the program again. We obviously are keeping a very, very close eye on what's going on up there. Thank you for your participation in statements and press releases with us. But I wanna personally thank on behalf of all of us down here for the great work Paul Deegan's doing with News Media Canada. We're going to have you back on the program. Have a great day, sir.

0:19:25.0 PD: Thanks so much, Mike. And let's get the JCPA done, America, you need it.
[music]