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[The future of “big tech” compensation, now that Google's \\$100 million deal with Canada is law](#)

In this episode of “E&P Reports,” we chat with Paul Degan, the president and CEO of News Media Canada, and Danielle Coffee, the president and CEO of the News/Media Alliance, about "big tech" compensation to North American news publishers, now that Canada's Online News Act goes into law, requiring Google to pay 100 million Canadian dollars a year to the Canadian news media industry, and the current complexity of two similar bills being considered by the California legislature and the U.S. Congress.



0:00:04.2 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.

0:00:19.9 Mike Blinder: And greetings Once again, Mike Blinder, publisher, E&P Magazine. As always, we start off with housekeeping listening on a podcast platform of choice, please follow us. Watching on YouTube, hit that subscribe button below, smash the bell, click it, I don't know, do something to it and you'll get an update each and every time, we upload a new episode of this weekly vodcast series E&P Reports. I have advocacy on steroids here, as my guests on this episode 'cause I have Paul Degan. Paul is President, CEO of News Media Canada. Even though Paul, you spell color and honor wrong and you say process or process, I have to make sure I know. You actually have some US advocacy experience. You were in '93 and through '96 working at the White House. Am I right?

0:01:08.7 Paul Degan: That's correct, yes.

0:01:10.8 MB: Yeah, so you understand the game down here like our other guests who, this is your fifth appearance, Danielle, and Saturday Night Live will get you a jacket, okay? 'Cause you've been on show five times.

0:01:19.6 Danielle Coffee: I'm the Alec Baldwin of E&P. [laughter]

0:01:24.4 MB: Here you go. I could go on and on. But Danielle Coffee, as of June 1st, you are the president and CEO of News Media Alliance. You came, you replaced Dave Chavern. You were originally the executive VP General counsel. So you've worked there now for almost, what, eight years. And you represent over 2000 print digital news, medium companies. We're here to talk big tech compensation. We're gonna do all that on the backside of this message.

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0:02:55.3 MB: Right, first, let's talk about what is happening and how amazing this was. Paul, I interviewed publishers in Canada just recently, and did a recording that became moot 'cause we were discussing how everything was falling apart. There wasn't, we didn't know if this bill's gonna go through. Google was getting really, really ornery and suddenly they cut a last minute deal in Canada saying, okay, correct me if I'm wrong, Paul, basically came down to we don't wanna be regulated. We'd rather throw you guys \$100 million a year and just get this through. Is that essentially what happened with the Online News Act up there?

0:03:30.4 PD: Yeah, so they are regulated in fact, and this is, I think, the really important thing about what's happened in Canada. We didn't get exactly what we wanted and no stakeholder did, but I think we've landed in a really good spot. So essentially, Google is contributing 100 million Canadian dollars each year. And that's indexed to inflation and that is divided up in the regulations. The government's basically dividing it between publishers, broad private broadcasters and the public broadcaster. And the share that has come out is 63% or \$63 million for the news publishers, \$30 million for the private sector broadcasters and \$7 million for the CBC, which is our national public broadcaster in Canada. But they are definitely subject to this. There's an enforcement mechanism, there's an arbitration process and all of that. So I think we've landed in a really good spot, and I have to give huge credit to Pascale St-Onge. She's our minister of Canadian heritage, who really landed, what was effectively a very sticky and stinky file, frankly.

0:04:37.0 MB: And this is basically compensating those that create news content that gets monetized by an online company like Google. Every click on our content pays them. And the publisher who creates that content or pays for that content, gets nothing. So you've turned it around and now this is a big deal, right? This money will change, struggling local news publishers, correct? When it trickles down, what kind of impact will it have on a Saskatchewan newspaper or something?

0:05:10.4 PD: So in terms of the way it works, it's on a headcount basis, meaning on a per journalist basis. And if you look at the number of journalists in Canada on the news publishing side, this equates to roughly \$20,000 per journalist. And that doesn't matter if you're with a large national newspaper or a weekly community newspaper, it's \$20,000 per head on a cash basis. If you look at the New York Times deal, as, at least according to the Wall Street journalists, they've reported that it was a hundred million over three years. The times I gather has about 1700 journalists. So if you do the math, that's \$19,000 and change per year. But my understanding is that deal is not an all cash deal. There's a, instead of product or service component to that. So this I think is a very good deal where you've got your weekly newspaper in Saskatchewan frankly doing as well, if not better than the New York Times out of this.

0:06:09.9 MB: You have the advantage or disadvantage, depending upon where you lean on the US constitution of defining news media, or at least journalism in Canada based on an income tax act, correct?

0:06:19.6 PD: Correct.

0:06:23.5 MB: And in the bill you say a publisher that is primarily devoted to news content of public interest employs at least two journalists and is a member of a recognized journalistic association. But this makes it easier, correct up there. You basically say you're in or you're out, but aren't you expecting some lawsuits from bloggers or something to happen or is it gonna be clean, or what is... How is this gonna go down?

0:06:48.0 PD: The legislation is pretty clear and as are the regs so there gonna be a process to sort of look at sort of who's in and who's out. But I think it's actually pretty clear. One of the things that we pushed for, which just back to your point about the weekly newspaper in Saskatchewan is in the original version of the bill, you had to have this sort of qualified Canadian journalism organization

status, which is a whole bureaucratic process, and I won't belabor that with you. But in order to get that status, you have to have two arms length employees. So we got an amendment and that basically said that the family members who are owner operators count towards that two employee minimum. So that was very important because a lot of our small weekly newspapers in rural Canada, they don't have arms length employees.

0:07:36.3 PD: So they're now covered by this online news act. And that's a massive win because frankly, without them, they're really the only game in town in many of these communities, as you know. So it's interesting, if you look back to what Rod Sims was saying about Australia, there, the smaller publishers actually did better on a relative basis compared to the larger publishers. And I think you'd have to argue that's where this has landed in Canada. The weekly newspaper in Saskatchewan is getting the same as the larger urban daily on a per journalist basis.

0:08:08.5 MB: So, game changer, big game changer.

0:08:10.7 PD: Absolutely.

0:08:11.7 MB: For the struggling industry 'cause you've had the same challenges. I've worked on many Canadian markets as a consultant for 20 years, and it was, it's the same game. Advertising revenues down, insert revenue down, classified revenue down, all because of disruption and big tech seizing 70% of your local ad revenues, so you needed this money. Now here's, before we turn the corner to Danielle, I wanna outstate exactly what the government of Canada says on their website about this bill. They said, news outlets play a vital role in maintaining a healthy democracy. News and journalism serve to inform communities, drive civic engagement, and counter the rise of disinformation. So they are basically stating the value of local news. Bravo. Let's go to Danielle. Danielle, let's go ahead Paul, what are you gonna say?

0:09:04.0 PD: Well, you can add one thing, Mike. The other thing that the Canadian government has done this fall is we had a journalism labor tax credit in Canada, which was 25% a refundable credit up based on a salary cap of \$55,000. They've increased that to 35% and the salary cap up to 85,000. What that means on a per journalist basis at the maximum level, it was \$13,750 per year. It's now \$29,750 per year per journalist. That is just a massive change. So that coupled with the money from Google is a total game changer in Canada.

0:09:39.4 MB: And I assume that your lead, I mean you have a left versus of a right in your government, just like we do or already democracy or has even this was bipartisan, correct? Everybody, did you have any far right or far left saying, wait a second. We don't see the value of journalism where it's just to let natural selection take its course and let these businesses die?

0:10:03.6 PD: In the last election campaign, all parties were on side with this legislation. There's obviously been some shifting in that over the last couple years. But certainly, in the last election campaign when this issue was really up for debate, every national political party in Canada was in favor of something like this.

0:10:19.5 MB: There you go. So Danielle, a year ago, you and I were on this program a year ago, almost to this date, and I was saying, what the hell happened? 'Cause everything kind of fell apart at

the last minute on, just... Again Ted Cruz went in weird whack you remember it right? Danielle a year ago. And everybody just thought there was no hope of this compensation coming to the US. The cave in Canada is a big deal, don't you agree? I mean, It shows that Google's looking to get through this and just move on. Yes. No?

0:10:55.7 DC: So as far as Canada, as far as the first thing you said, there's always ebbs and flows in increments. At the time, yes, it seemed so likely. And then there's gonna be another point that it goes down and up, and that's just how it goes. As far as what Paul did in Canada, I'm just, hats off. He did an amazing job. I've worked with Paul for years now, and he was an amazing advocate for the local publishers and all the publishers in Canada. There's a global group of us who work together because this is a global problem. He's worked with all of them very closely to learn from and do the best job he could in Canada. And I think he did an amazing job making sure that journalists are getting the resources that they need to do their jobs so that we actually have quality content going to people, going to users.

0:12:02.6 DC: His government was behind him, just really hats off to Paul on what he was able to accomplish up in our northern cousin. I love that, Paul, I'm jealous that Paul has this mechanism that would determine what a news publisher is. We have the First Amendment, so it gets a little tricky. We would have to go broader in any definition. Therefore broader, we're talking a larger pool of companies, therefore a larger number of companies, broadcasters, similarly also here are interested in a right to demand payment. They're similar, they create quality journalism. I get it. And then because of that, we may also see more pushback here. And if it's anything like what Paul saw, we have a bumpy road ahead, but we have a success to learn, another success to learn from. And I'm optimistic that especially with the lawmakers we have, who are the champions behind this in California and in the federal space, I am optimistic.

0:13:13.2 MB: Alright, so Paul is the Canada Online News Act, bill C18, you're discussing the JCPA Journalism Competition and Preservation Act championed by Amy Klobuchar. She has ink in her veins, right? Was she a reporter or her dad was a reporter?

0:13:27.7 PD: Her dad was.

0:13:29.2 MB: Her dad was. And we love Amy. Thank you Amy. Senator John Kennedy, a republican from Louisiana is behind this, very bipartisan. The challenge you are facing, and correct me if I'm wrong, Danielle, in the recent conversations about a similar bill just for the state of California, was there not some testimony that took place where Google was paying publishers to be against this bill? Is that true?

0:13:56.1 DC: So you watched the hearing? Yes. We already know that, and Paul can probably tell you his war stories. Yes, Martha testified and others would admit that they were paid by Google. But she, what her testimony was that I believe you're referring to, is that she testified that it came with the requirement that she opposed the legislation, and that's not something she was willing to do. The Hispanic community was approached and so that is a tactic of the opposition. Again, Paul can tell you in real life, the scars that he received and that, I have as well in our industry here. Lawmakers, I hope are getting a little wise to that, but I'm not sure, I'm not sure if it's enough. It's certainly a pressure point that...

0:14:53.7 MB: Martha, it's Martha dela Torre, right? She's once one of the largest Hispanic operations in the LA area, right? News publishing operations and classified words and all that work.

0:15:05.1 DC: She is very amazing. She's very good, yeah.

0:15:06.3 MB: Yeah, Paul.

0:15:07.3 DC: Yeah, very respectable.

0:15:09.0 MB: So Paul, you had the same issue, right? Were there publishers kind of getting paid to speak out against this? Yes. No.

0:15:17.2 PD: Look, I represent publishers and I... Listen, the vast majority of publishers have been terrific on this. But we'll, I think we'll save that one for another day.

0:15:31.1 MB: Okay. [laughter] Danielle, the other argument that I've heard, and we've actually seen is this will break the internet. There are a lot of Jeff Jarvis s of the world and Jeff would be on the show, he would say he, he's against this, he thinks, his exact words on this program was that, yes, our constitution says a free unfettered press, but it doesn't say it has to be there. This is just natural selection. And if he used the words, if you tax the internet, we lose this incredible platform. What say you, Danielle, to that argument?

0:16:02.9 DC: Jeff Jarvis says a lot of things.

0:16:09.7 MB: Okay, [laughter] That's it. That's your response.

0:16:14.7 DC: It's gonna break the internet. It hasn't where people, where the platforms have paid for content.

0:16:23.8 MB: Okay.

0:16:27.7 PD: One thing, Mike, from a government relations perspective, like companies that keep parroting that line, it's just so ridiculous. They lose all credibility with lawmakers and regulators. It's a ridiculous line.

0:16:36.9 DC: Yeah.

0:16:38.5 MB: All right. All right, well, well said. Okay, so we're running out of time. If anyone wants to follow what's happening in Canada, Paul, you've got all the resources posted on your website, am I right?

0:16:48.7 PD: Absolutely. People can call me. We speak to publishers all over the world. There's a little group that really, Danielle and Ricardo Trott ran the Inter-American Press Association.

0:17:00.8 MB: Of course.

0:17:00.9 PD: They basically pulled this together and we've got a group that we're in communication all the time. And you wake up in the morning and you've got all these emails from Australia, and New Zealand. So it's everyone is helping each other. And I can tell you, like throughout the Americas the IAPA, the publishers in Brazil and Argentina and Venezuela, Mexico, they are so excited about what we've done in Canada. And what Danielle's doing and we're all just sort of helping each other work through this.

0:17:31.5 DC: We are. It's really been so inspiring watching everyone work together so well and just towards a really good cause. I agree. And Paul's been a pleasure to work with and hats off on your recent success.

0:17:42.9 PD: Thanks.

0:17:43.9 MB: And of course, Danielle, I was checking out a recent interview with you and you said you're predicting multiple Bs. Do I have this right? If this goes down, multiple billions would be the magic number that we could see here in the United States if this happened?

0:18:00.6 DC: Multiple Bs, billions. Yes. If you translate based on market share, if you translate the economics work out to Bs, yes, that's correct.

0:18:15.2 MB: Alright, so websites. Let's let our audience know. DePaul, where will people find more information? Give us your web address please. So.

0:18:23.0 PD: So newsmediacanada.ca.

0:18:25.1 MB: And how about you, Danielle? Just search for News Media Alliance or just go right to your site, correct?

0:18:30.2 DC: [Newsmediaalliance.org](http://newsmediaalliance.org).

0:18:32.8 MB: Thanks to both of you for your valuable time. We appreciate the fight and we'll keep our audience up to date.

[music]