



Alberta Magazine  
Publishers Association



March 5, 2021

The Honourable Chrystia Freeland  
Minister of Finance and Deputy Prime Minister  
University—Rosedale  
House of Commons  
Ottawa, Ontario  
K1A 0A6

The Honourable Steven Guilbeault  
Minister of Canadian Heritage  
Laurier—Sainte-Marie  
House of Commons  
Ottawa, Ontario  
K1A 0A6

Via Email

**Re: Compensating Canadian magazine publishers for the sharing of their original online news content by Facebook, Google and other sharing platforms**

Dear Minister Freeland and Minister Guilbeault,

On behalf of our Board of Directors and our members across the country, Magazines Canada applauds the Government of Canada for your robust three-pronged approach to establishing a strong regulatory framework for online sharing platforms. Our government's made-in-Canada approach, consisting of Bill C-10, the forthcoming legislation on the regulation of online hate speech, and legislation on compensating Canadian media companies for the sharing of online news content by Facebook, Google and other sharing platforms, is both timely and necessary. This regulatory framework is also crucial to preserve Canadian democracy and the role Canadian media companies play in upholding it.

Magazines Canada submits this letter jointly with our provincial magazine publisher association colleagues at L'Association québécoise des éditeurs de magazines (AQEM), the Alberta Magazine Publishers Association (AMPA), and the Magazine Association of BC (MagsBC). We believe Canadian magazine publishers should be included in the legislation to compensate Canadian media companies for the sharing of their online news content by Google, Facebook and other platforms. Magazine publishers are included in Australia's recently approved legislation on this topic, the News Media and Digital Platforms Mandatory Bargaining Code. We believe Canada should do the same as it prepares its own legislation.

**Policy rationale for including Canadian magazine publishers**

A healthy, sustainable Canadian media sector is a pillar of Canada's democracy. All of us want to preserve our media sector and ensure it reflects Canadian society, publishes diverse voices, and resonates at both the national and local levels, in communities across Canada, of all sizes.

Magazines are a part of the Canadian media sector, and, more precisely, of the Canadian news and journalism ecosystem.

But does a magazine publish “news?” The answer is, “Yes!”

Magazines produce original content, both “news” in the newspaper sense, as well as news and views that appeal to both broad-based and niche audiences. There is more than one way to cover the news. There is the “news of the day” or “breaking news” of the newspaper world, and the in-depth analysis and investigative “long read” of the magazine world. Both are equally important, and both have a role to play in supplying Canadians with news they trust.

For Canadian magazines that publish news content online—which is nearly all of them—Facebook, Google, and other platforms benefit financially from sharing their content, garnering clicks and selling advertisements around it. Because of this, Canadian magazine publishers should be included in the federal government’s legislation on compensating Canadian media companies for the sharing of online news content by Facebook, Google and other platforms.

### **Economic rationale for including Canadian magazines**

Every Canadian magazine that publishes its news content online is having that original news content shared without remuneration by Google, Facebook and other platforms. Research<sup>1</sup> conducted by Magazines Canada with the support of the Department of Canadian Heritage shows that advertising revenues for Canadian magazines fell precipitously from \$212 million in 2016 to \$64 million in 2019 (pre-pandemic). This is a 70% decrease in advertising revenue, 90% percent of which has gone to Facebook and Google.

The consequences are stark and undeniable. In 2016, there were 2,652 magazines in Canada. By 2019, 284 of these magazines had ceased publishing, pulling the number of magazines down to 2,368, an 11-percent drop. Equally concerning is the loss of jobs. On average, every \$75,000 in lost revenue at a Canadian magazine publisher will cost a job.

### **Program delivery**

We recommend that the Government of Canada opt for direct financial compensation of Canadian magazine publishers through a fund rather than an arbitration model, as in the Australian legislation. This would ensure that Canada’s legislation fairly compensates all Canadian magazine publishers serving all Canadian communities, including ethno-cultural, linguistic, geographic, large urban communities, and smaller local communities. We are concerned that an arbitration model would result in Google and Facebook only doing business with larger publishers and would leave out the vast majority of the magazine publishing ecosystem.

In terms of program delivery, the Aid to Publishers (ATP) component of the Canada Periodical Fund (CPF) is an elegant and flexible vehicle for the support of Canadian magazine publishers that already exists. The mathematical formula could be adjusted to determine a publisher’s annual contribution amount to factor in compensation for the sharing of a publisher’s online news content by Facebook, Google and other platforms.

We recommend a broadening of the eligibility for the Aid to Publishers component to include magazines who were eligible to receive support through the Special Measures for Journalism component of the Canada Periodical Fund, which provided emergency financial relief to Canadian magazines in 2020 to

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<sup>1</sup> *Magazines Canada Industry Data Project 2016–18: Trends in the Canadian Magazine Industry, 2014–2018* (2018) pp. 31–2; *Magazines Canada Industry Data Project 2014–2019* (2021) p. 44.

help them withstand the impact of the COVID-19 crisis. These magazines are currently ineligible for ATP support because of their revenue model, however, as we argue in our 2021 federal pre-budget submission<sup>2</sup>, we believe these magazines should be eligible for ATP support because they publish original Canadian content.

Broadening the eligibility to the Aid to Publishers component of the Canada Periodical Fund would require a concomitant increase to the ATP budget. We recommend a doubling of the ATP budget allocated to Canadian magazines, from \$55 million to \$110 million, coming into effect in the 2021–22 contribution cycle.

Thank you for the opportunity to be part of this critical conversation about the role of media companies in upholding Canadian democracy. We look forward to discussing with you further.

Yours sincerely,



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Michael Ingoldsby, Policy Advisor, Minister of Finance and Deputy Prime Minister  
Mathieu Bouchard, Chief of Staff, Minister of Canadian Heritage

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<sup>2</sup> *Supporting Canada's Magazine Publishers in Canada's Economic Recovery: Magazines Canada's Submission to Pre-Budget Consultations in Advance of the 2021 Federal Budget*. February, 2021.

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