



Matt Hatfield, Campaigns Director, OpenMedia

House Committee of Canadian Heritage

Re: The impact of Bill C-18, the Online News Act, for Canadians

Friday, October 28, 2022

Opening Remarks:

Good afternoon. I'm Matt Hatfield, and I'm the Campaigns Director of OpenMedia, a grassroots community of nearly 220,000 people in Canada that work together for an open, accessible and surveillance-free Internet. I am speaking to you from the unceded territory of the Sto:lo, Tseil-Waututh, Squamish and Musqueam Nations.

My question today is this: who's in Bill C-18, and who's out? Who is producing high-quality journalism that deserves government-mandated subsidy and promotion, and who isn't? How much are they entitled to? And will the public ever have transparency to see these questions are being answered fairly?

We believe the government is trying to dodge responsibility for answering these highly sensitive questions. Yet Bill C-18 still answers them. Burying these questions just means its answers are more obscure, secretive, unequal, and potentially damaging to trust in journalism.

There's a real problem that C-18 is trying to solve. Canadians need high quality, trusted, fact checked journalism, and lots of it. Our democracy depends on it. And it's true that huge online platforms - Google and Meta chief among them - are collecting enormous revenue in Canada. It's fair to ask them to contribute more of that revenue back to things that Canadians need. That's why we support the Digital Services Tax. And that's why we wish we were debating a much simpler version of this bill that directly taxed them.

Linking news revenue primarily to the spread of news content on platforms is a toxic, poison pill. News simply isn't a primary revenue driver on platforms. That's a fact. And a lot of reporting of great importance to society is least likely to go socially viral.

Linking news support to links and clicks gives both platforms and news publishers strong incentives to cheat the system in ways that discourage the spread of quality news. It fails to target the resulting funds where they're actually needed, subsidizing today's biggest winners, while not bringing back lost outlets or supporting the emergence of new ones. It makes news outlets dependent on the continued success of online platforms to survive- a dangerous weakening of their credibility and independence.

And because Bill C-18 uses links and clicks as a substitute for stronger evidence of public interest journalism, C-18 sets such a low bar for identifying a qualified news outlet- lower than

the already flawed QCJO system - that low quality outlets, click farms, and even malicious foreign actors could qualify for mandatory promotion and subsidy. For these reasons we believe without substantial amendment, Bill C-18 will be enormously destructive to the quality, distribution of and public trust in Canadian journalism.

The money doesn't go where it needs to. Minister Rodriguez has told us that small news publishers aren't really interested in Bill C-18's support - despite the hundreds of publishers who have told you otherwise. Yet Canada's news problem is largest in small communities that have lost their primary outlets, and in hollowed out, downsized regional news rooms. Will C-18 do anything to bring dead local outlets back? No. It does nothing today for communities with no existing news source. And if a small local outlet re-opens, it locks them out from support until they hit a significant and possibly unattainable size.

Will it induce major news chains to restaff downsized local divisions? How, and why? What rational business will staff up the slow and expensive local accountability beat when your new primary revenue stream is the most viral and clickbaity of social media content? And that's before we consider that 75% of C-18 revenue is predicted to go to TV and radio broadcast, predominantly to giants like Bell, Rogers and the CBC.

This committee has criticized the secrecy of the deals Google and Meta make with publishers - and fair enough! So why doesn't Bill C-18 fix that? You can't rejuvenate public trust in journalism by making these problematic secret revenue deals larger, more secret, with more opportunity for the CRTC, government and platforms themselves to quietly influence them. Under C-18, the mandatory negotiated deals are still secret, as is the process for assessing eligibility for QCJO status, and reasons for accepting or rejecting applicants. That's not a recipe for building trust in the news.

But our biggest concern is what Bill C-18 will do to our online feeds. What kind of content do you think gets the most Facebook shares, or the most retweets on Twitter? Do you think it is the in-depth, long read investigative journalism that holds our leaders accountable? Or do you think it is puff pieces, fiery unsourced op-eds, and outright misleading clickbait? Bill C-18 triples down on this kind of content. It nudges legitimate news outlets to make more of it, to see their shares grow and earn more compensation. It offers yellow journalists and content mill click farms a real possibility of qualifying for guaranteed mandatory platform subsidy and promotion. And it **forbids** platforms from taking any steps that would prioritize content from higher quality outlets - the National Posts, Economists, and Globe and Mails of the world - above that of any other qualifying organization.

Look - I don't always love my platform feeds. But I don't want to see our government knowingly and intentionally make them much, much worse. And that's what Bill C-18 currently does.

OpenMedia community members have sent nearly over 8,000 emails to MPs asking for fixes to Bill C-18. Every one of us wants to see a flourishing, diverse Canadian news ecosystem. But

*OpenMedia is a community-based organization that works to
keep the Internet open, affordable, and surveillance free.*



without extensive amendment, there's considerable risk C-18 will make our news ecosystem worse, not better.

Thank you, and I look forward to your questions.