

# **THE MUTTART FOUNDATION**

## **Consultation on Non-Profit Journalism**

*15-19 October 2018  
Banff, Alberta*

### **A Summary of the Discussion**

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This report is a summary of one of a series of periodic discussions convened by the Muttart Foundation on voluntary sector regulatory issues. The session was held to promote an exchange of ideas and to develop a fuller understanding of the concerns of both sector groups and government regulators. Any remarks included in the report are intended to reflect the discussions. No undertakings or commitments from either regulators or sector participants are expected or made, notwithstanding any of the wording in the Report.

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**A Summary of the Discussion**

**DAY 1**

**INTRODUCTIONS**

The facilitator welcomed participants to the consultation to discuss the concept of Canadian non-profit journalism being supported, in part, by philanthropy.

In the 2017 Budget, the federal government announced the creation of a fund to help support independent journalism in under-served communities. In addition to this fund, the government committed to exploring other models, including philanthropy, through which these efforts could be advanced.

Although other countries have moved in this direction, the question of philanthropic support raises numerous issues, particularly if one of the options is to provide charitable status or qualified donee status to journalists or journalism organizations. How would existing policies affect charitable journalism? Would there need to be different rules for this new type of entity, or would the rules change for all charities and qualified donees? How would issues like business activities and political activities be considered? These and other questions are being explored by the government, sector organizations and by those already engaged in journalism.

The facilitator began by reviewing the logistics and ground rules for the consultation. Participants were encouraged to be open and to make comments freely under Chatham House Rules. (These rules allow participants to share the gist of discussions, without identifying comments made by specific individuals.) The facilitator then invited participants to introduce themselves and share their experience with non-profit journalism. Themes emerging from the introductions included a) legal practitioners receiving more questions on how to set up a charity; b) foundations wanting to know how they can support non-profit journalism; and c) the reduction of revenues resulting from the move to digital news from print news.

## GENERAL DISCUSSION

The facilitator started the discussion by asking the group “What’s the problem we’re trying to solve?”

- There is a pronounced crisis in journalism in many countries and local communities are suffering the most. However, it was suggested that it is important to define what we want to preserve. The point is not to save newspapers but to provide a benefit to the community and foster good citizenship.
- How do we increase the demand for journalism that the market would respond to? Should we consider tax deductions for subscriptions like Australia? Should we offer civic literacy regarding fake news?
- It was observed that tax support does not ensure the financial sustainability of an organization. We need to be mindful of the implications of tax incentives since many do not understand the difference between the various types of status that may be available under the *Income Tax Act*. Caution was expressed that the media not become the brand and face of the sector.
- Research data suggests that for important news Canadians go to traditional news sources such as the CBC and Radio Canada. An observation was shared that younger audiences are looking for fast and free access and may not be so concerned about the source their news comes from. Changing consumption patterns are concerning. Platforms such as Facebook and Google are eroding advertising revenues.
- Another suggestion was offered: to approach the issue from both a short-term and a long-term perspective – particularly given the on-going changes in consumption patterns and the economic pressures facing the newspaper industry and the profession of journalism.
- The following **principles for public benefit journalism** were developed by the group:

**Journalism that provides original, fact-based information benefits the public in one or more ways, including:**

- **It promotes positive civil engagement by helping the public make informed decisions about important and/or complex aspects of their lives, society and the world;**
- **It holds accountable government officials and those in authority or who hold positions of public trust and have responsibility for health, safety, etc.**
- **It provides a forum for diverse views and ideas, including those who have traditionally been under-represented in media and society.**

**Public trust in journalism is essential. To build and maintain trust, and best serve the public, journalists and their organizations must be truthful,**

**transparent and independent in their reporting. Creating, publicizing and adhering to a Code of Conduct would further build public trust.**

**If journalism organizations seek some form of government benefit – such as becoming a charity, a qualified donee or gaining other special tax treatment – government will need a way to determine whether an applicant is qualified to deliver public benefit journalism.**

## **ENGLAND & WALES PERSPECTIVE**

After a discussion on public benefit journalism, the facilitator invited an international participant to share England and Wales' approach to philanthropic funding of journalism.

The following points were made:

- Under charity law, a charitable organization must operate for exclusively charitable purposes that provide a benefit to the public. Currently, journalism itself is not recognized as a charitable purpose. However, in recent years journalism-related activities, which are often a part of wider charitable projects, have received philanthropic funding under one of the existing public benefit purposes that are considered charitable. The categories used include education and training; advancement of citizenship or community development; promotion of human rights; advancement of religion; and upholding ethical standards.
- It was noted that the Charity Commission is open to groups serving an international readership or audience, as well as those operating exclusively in England and Wales. However, in the last ten years, the Charity Commission has become less liberal in what constitutes education.
- There is a monopoly of newspaper ownership with some 300 newspapers having closed during the last ten years. Across the landscape there are pockets of healthy media, for example, The Bristol Cable. There is a role for charity to link with these local groups and find resources to serve underrepresented communities.

## **UNITED STATES PERSPECTIVE**

Continuing with the international perspective, the facilitator invited a participant to share the US perspective regarding philanthropic funding of journalism.

The following points were made:

- The word journalism does not appear in federal tax lexicon. In order to assess qualification for a tax exemption under Section 501(c)(3) of the Internal Revenue Code, the Internal Revenue Service (IRS) looks at both the structure and the operations of the organization. A tax-exempt journalism organization must be organized exclusively for tax-exempt purposes and it must be operated exclusively for those purposes, which are typically educational.

- Whether a media organization chooses to structure itself as a for-profit organization or as a not-for-profit organization is a business decision no different than the decision a hospital makes to structure itself either as a for-profit or as a not-for-profit entity.
- When assessing educational purposes, the following four questions form the framework for the majority of the IRS decisions regarding journalism organizations:
  - Is the content of the publication educational?
  - Does the preparation of material follow methods generally accepted as educational in character?
  - Is the distribution of the materials necessary or valuable in achieving the organization's educational purposes?
  - Is the manner in which the distribution is accomplished distinguishable from ordinary commercial publishing practices?
- Foundations tend to be very conservative in their grant making and in their risk tolerance for risk, so it's unclear whether non-profit journalism organization's past and current philanthropic revenue stream will be sustainable in the long term.
- A comment was made where funding is provided for a series of articles, editorial independence rests clearly with the funded organization and not the funder.
- National Public Radio (NPR) and National Public Television (PBS) are both funded by Congress, although there are limitations with that funding.
- Organizations that have been turned down by the IRS have tended to be on the fringe, e.g., presenting inflammatory facts, etc.

## **DAY 2**

### **AUSTRALIA PERSPECTIVE**

The participants were welcomed back to the second day of the consultation. The facilitator asked a participant to round out the international context by providing the Australia perspective on philanthropic funding of journalism.

The following points were made:

- Australia is cautiously optimistic regarding public interest journalism. It was highlighted that there is a distinct line between investigative journalism and vigilante journalism when calling people into account.
- There are three possible approaches for an organization receiving philanthropic funding:
  - Add a category to the existing list of charities (in Australia, there are legislative provisions dealing with what is charitable).

- Give the entity the benefits of being a charity without having it become a registered charity.
- Allow the entity to become a registered charity under the current law.
- For the last option, it was suggested there is a need to ‘find a hook’ – that is, an existing charitable purpose. Examples might include social or public welfare, or security/safety of the public. Charitable purposes must be rooted in what has historically been considered charitable, as elucidated in the *Pemsel* case; they cannot be randomly created. For instance, *The Conversation* is an outlet that is seen as advancing education. Community radio stations focusing on volunteers and building their skills are another example.
- In February 2018, The Senate Report on the Future of Public Interest Journalism identified a number of recommendations including the following two:
  - **“The committee recommends that the Commonwealth develop and implement a framework for extending deductible gift recipient (DGR) status to not-for-profit news media organizations in Australia that adhere to appropriate standards of practice public interest journalism.”**
  - **“The committee recommends that the Treasury undertake cost-benefit modeling on extending the tax deductible status of news media subscriptions to all Australians, not just those who can already claim the cost of subscriptions through existing income tax arrangements, for subscriptions to news media organizations in Australia that adhere to appropriate standards of practice for public interest journalism.”**

## CANADA PERSPECTIVE

With the conclusion of the international perspectives, the facilitator called on a couple of participants to share the ‘state of play’ in Canada regarding philanthropic funding of journalism.

The following points were made:

- To determine the meaning of charity, Canada relies on the *Statute of Elizabeth* and *Pemsel*. Unlike the United States, it does not have a list of charitable and other tax-exempt purposes. Lists of charitable purposes in England and Wales and Australia generally reflect the common law, but are set out in legislation.
- In Canada, development of the common law is very limited and there is little opportunity to refresh it. Three examples of relevant case law were mentioned: *Native Communications Society of British Columbia v. Minister of National Revenue*; *Briarpatch Incorporated v. Her Majesty the Queen*; and *News to You Canada and Minister of National Revenue*.
- There are examples of entities involved in journalism currently registered by the Canada Revenue Agency (CRA). T3010 filings from two of these groups include the following information:

- The Walrus Foundation. The Walrus Magazine disseminates high quality non-fiction and fiction writing to the reading public. The Walrus Foundation hosts “Walrus Talks” which are speaking events across Canada as well as leadership dinners and speakers’ series engagements which focus on matters important to Canadians.
- The Literary Review of Canada. This periodic literary review contains scholarly essays, poetry and other scholarly writing on public affairs and culture. The Literary Review also organizes and sponsors public lectures, seminars, workshops and panel discussions on public affairs and culture conducted by Canadian and International contributors to the magazine.
- There are also a number of newspapers and magazines whose purpose is the advancement of religion or another recognized head of charity. Community radio stations can also sometimes qualify as charitable.
- *La Presse*, Quebec’s 134-year old French language newspaper, is currently transitioning from a for-profit entity to a not-for-profit entity with an associated trust fund.
- The Atkinson Foundation supports investigative journalism among its other programs and initiatives. A comment was made that, currently, at most 10-12 foundations in Canada might be willing to support public benefit journalism.
- At the moment there isn’t any regulatory guidance available regarding public benefit journalism. The CRA is looking to understand what the issues and needs are today and tomorrow regarding philanthropic funding of public benefit journalism.
- The existing options available for a regulatory stance on public benefit journalism entities are: 1) deem the entity charitable; or, 2) deem the entity a qualified donee. As a charitable entity there would be limits on business and political activities. The entity would need to be structured so there would be independence of editorial content.
- Under the *Income Tax Act*, qualified donees are organizations that can issue official donation receipts for gifts they receive from individuals and corporations. Registered charities can make gifts to qualified donees. A not-for-profit journalism organization that was a qualified donee could receive gifts from charities (or other qualified donees) as a means of getting funds.
- Many qualified donees are not subject to the same rules as registered charities. This applies, among other areas, to limits regarding revenue generation and political activities. The issue of political activities has to be addressed in the various options being considered for public benefit journalism organizations. It was noted that any change in treatment accorded to a media organization within the registered charity regime will also be expected to apply to the rest of the sector.
- An observation was made that an approach allowing for different categories of organizations would open the space for greater philanthropic funding.

## FEDERAL GOVERNMENT SUPPORT FOR LOCAL JOURNALISM

Following the discussion on the state of philanthropic funding for journalism in Canada, the facilitator opened the discussion regarding federal support for local journalism.

- In the last federal budget the government proposed to provide \$50 million over five years to one or more independent non-governmental organizations that will support local journalism in under-served communities. The program is slated to start in 2018-19. The organization(s) receiving the funds will be responsible for administering the monies and for ensuring independence of editorial content is maintained.
- Consistent with the advice contained in the Public Policy Forum report on news in the digital age, *The Shattered Mirror*, the government will be exploring new models that enable private giving and philanthropic support for trusted, professional, non-profit journalism and local news over the next year. The exploration could include new ways for Canadian newspapers to innovate, and/or entail not-for-profit journalism, which serves a public interest, being recognized as eligible for preferential tax treatment (as charities or in another category).
- The Department of Heritage is currently working on a framework for the \$50 million program and an announcement is expected in February 2019. At the moment, it is not known how 'journalism' and 'under-served community' will be defined. A comment was made that the Department of Heritage is trying to be platform neutral regarding how the news will be disseminated.
- A comment was made that, to address a crisis in funding of the arts, the approach used was grant-matching through an endowment. This may be an option with the \$50 million, if the government wants to create something more sustainable. It was noted that Australia has had success creating endowments through government matching and time-limited matching.
- The Community Foundations of Canada is a network of 191 community foundations, serving 90% of Canadians. Of the total number only 10 are considered large foundations. A few foundations, such as the Vancouver Foundation, fund in this area through grants. Some foundations view conducting research as part of their own role.
- Foundations face a hurdle when making a grant directly to a journalism organization because of the CRA rules regarding direction and control when resources are transferred to an entity that is not a qualified donee.
- It's too early to know about long-term core funding. To justify long-term funding, foundations would have to be convinced it would further their mission. As was mentioned earlier, currently few foundations are interested in funding public benefit

journalism. If the framework changes they might look at additional grant making. Right now, funds going into this type of work are being displaced from other programs.

- The American Press Institute conducted research in 2016 to look at the issue of the specificity of grants. The research indicated that some organizations will take funding even though it is furthering the funder's strategic initiatives rather than those of the funded not-for-profit organization. This has implications for editorial independence.
- There are no guidelines in place to help organizations with accepting funds. A comment was made that trust is put at risk by this. Any transition to a new model will be problematic if it isn't handled well and organizations are not aware of the rules. The impact will be felt across the not-for-profit and charitable sector. It was suggested that foundations operating in the media space may already be aware of this potential impact.
- An observation was made that traditional journalism and new models of public benefit journalism are not binary and that there is room for various models.

At the conclusion of the discussion the facilitator asked the participants to form into small groups and generate three to five questions to be addressed over the next two days.

### **DAY 3**

The facilitator welcomed back the participants and presented them with a list of synthesized questions from their small group work from the previous day. The questions were reviewed, clarified and prioritized. Set out below are the questions that were highlighted for discussion.

- 1. What are we trying to save, and why, through our recognition of public interest journalism?**
- 2. What are the elements of journalism that should be protected and sustained?**
- 3. What journalistic standards should be applicable across all platforms and all content?**
- 4. Is there a risk to the financial viability of smaller news and information organizations if their eligibility for additional forms of financial support is restricted?**
- 5. Within a charitable construct what would characterize the relationship between philanthropic funding and other expected revenue streams?**
- 6. Considering the various proposals discussed for increasing financial support to public interest journalism: such as gaining charitable status, status as a qualified donee or other tax preferences, which are likely to have the most impact on revenue generation and sustainability?**

7. **If news organizations committed to public interest journalism are found to be eligible for charitable status, how would their desire to hold governments to account be reconciled with the current restriction on political and partisan activities?**
8. **Given the limited ability of the philanthropic sector to contribute to public benefit journalism, are there particular aspects, or gaps, where the sector should focus its attention?**
9. **With respect to possible tax preferences for news organizations engaged in public interest journalism, which activities would currently qualify, what activities should be included in the future and what constraints would be appropriate?**
10. **What actions or activities will be required to support public interest journalism in local communities, which will engage citizens, improve media literacy and help to overcome the community disengagement that is evident?**

**Additional questions:**

**How should we interpret the federal government's budget announcement, offering \$50 million over five years to support local journalism? Do we have recommendations regarding the best use of the funding; such as exploring new business models, encouraging experimentation and innovation, conducting further research or creating within Canada an organization similar to the American Press Institute or the Poynter Institute?**

1. **What are we trying to save, and why, through our recognition of public interest journalism?**
  - It was suggested that the word 'save' looks at the past. Our focus should be on what we are trying to 'promote and encourage'.
  - Sociology Professor Michael Schudson of Columbia School of Journalism has identified the civic function of the news media as:
    - **Information** – so citizens can make sound political decisions;
    - **Investigation** – of concentrated power, especially that of government;
    - **Analysis** – to help citizens comprehend complex issues;
    - **Social empathy** – informing people about others in the world so they can appreciate differing viewpoints, especially of those less advantaged;
    - **Dialogue** – acting as a forum for different groups in society to express their views; and
    - **Mobilization** – serving as advocates for particular political programs and perspectives and organizing support for them.
  - A comment was offered that "opinions are cheap, facts are expensive". Fact-checking is critical to journalism. PolitiFact, a non-profit project operated by the Poynter Institute, helps the public discern the accuracy of statements made in American politics.

- Advertising as a revenue model for news has collapsed, but the appetite for news has not waned. Are there ways to help rather than just fix what's broken? Can we get others interested in helping? For example, hospitals have multiple revenue streams.

## **2. What are the elements of journalism that should be protected and sustained?**

- Independent witnessing of government actions and the analysis of complex issues should be protected and sustained. There should be a focus on the totality of the outcome rather than the specific.
- How do we keep out propaganda? It was suggested that an article has to be well reasoned. It must be logical and get to a conclusion. In propaganda, different sides of an issue may not be presented.
- It may be useful to distinguish between journalism that is of a more national or international scope, which is found in outlets such as the *Globe and Mail*, and community journalism, found in smaller, local outlets.
- It was suggested that there are generational differences in expectations of journalism. There are no data available to know if points of view change with age. It is also unknown whether media consumption patterns change with age.

## **3. What journalistic standards should be applicable across all platforms and all content?**

- The following can be used to assess material and processes regardless of journalistic platform: is there a commitment to accuracy? is reporting fact-based? are reports fair and balanced? are methods ethical and responsible? is there editorial independence? are complaints responded to? are errors corrected? The methodology, e.g. undercover reporting, should be transparent. Someone who may not be media savvy should not be taken advantage of.
- These journalistic standards may be more challenging for smaller news organizations. A suggestion was made that sanctions for non-compliance of these standards should be proportional to the size of the organization.
- What kind of standards might funders look for? Should registered charity or similar status be enough for funders, or should they look for other indicators of an organization's integrity?
- Co-regulation is seen as a touchy subject for journalists and can be problematic. For example, the media is often shut out in Latin America as a way of controlling organizations that hold those in power to account.
- Accreditation can be tricky if the industry body goes beyond a 'stamp of approval' for a media entity. The regulator is generally interested in whether the organization

meets the standards for a charitable organization, rather than the professional industry standards of its work.

- If a media organization wants to play in the space where it qualifies for tax subsidies, it was suggested it play by the rules. This means there must be some form of accountability, oversight, etc.
- An organization must generally be able to demonstrate that its activities are furthering a charitable purpose(s) at the time of registration to become a charity. In the case of a news organization, this raises the question of whether all the established professional standards would have to be applied to every article.

#### **4. Is there a risk to the financial viability of smaller news and information organizations if their eligibility for additional forms of financial support is restricted?**

- Smaller organizations could be excluded because of journalistic standards. Because they are rooted in smaller communities they report on what is important to the particular community.
- It was suggested that it would be a mistake to conflate journalistic product with journalistic standards. It's important to stay open to the experimentation that is currently underway.
- Those organizations that lack editorial independence, and promote propaganda and hate speech should automatically be excluded.
- The promotion of one's profession can be considered a for-profit purpose; which may have an impact on the eligibility of certain types of publications for philanthropic funding.
- An observation was made that the evolution of the news media organizations parallels arts organizations. Understanding of what is art has evolved over time. There is policy guidance in place for charitable arts organizations and these organizations must meet the requirements of an operating charity.
- It was observed that what qualifies as a significant portion of the community when assessing a public benefit is less restrictive in the United States than in Canada.

#### **5. Within a charitable construct what would characterize the relationship between philanthropic funding and other expected revenue streams?**

- Under existing rules, a charitable organization may face limits on certain revenue streams. It was suggested that Section 19 of *Income Tax Act* be amended to allow the deduction of subscription fees.
- A commercial entity seeking to become a charity would have to look at its revenue sources and determine whether the activities are permitted as a related business.

- There are a number of ways to look at structuring an organization. For example, an organization might be structured as a charitable entity and have links to or a relationship with a body that is non-charitable. It was recommended that each situation be assessed on a case-by-case basis.
- It was noted that commercial activities are acceptable in Australia if the funding is used to further an organization's charitable purposes.
- There is sometimes collaboration amongst media organizations, with the recognition of the importance of maintaining the name of the brand. It was observed that collaboration between not-for-profit organizations and charities (and between not-for-profit and for-profit organizations) tends to be project based.

**6. Considering the various proposals discussed for increasing financial support to public interest journalism: such as gaining charitable status, status as a qualified donee or other tax preferences, which are likely to have the most impact on revenue generation and sustainability?**

- There isn't just one solution for increasing financial support. A comment was made that failures are to be expected. Experimentation with a mix of approaches was recommended.
- It was suggested that 'regulatory sandboxing', which in some jurisdictions is being done with social innovation, should be considered in this context. Regulatory sandboxing is where the rules are temporarily suspended or relaxed for the purpose of experimenting with new models.
- A caution was raised when tweaking the tax code. Is the proposed change a benefit to society or to the media organization?
- Other areas that may impact revenue generation and sustainability include:
  - Offering tax credits for innovation similar to those in the resource sector.
  - Modulating business deductions. Creating incentives; e.g., offering greater deductions depending on the community being served by the organization (e.g., to encourage local coverage).
  - Offering special debt instruments; e.g., municipal bonds where interest income is not taxable.
  - Allowing for charitable objects focusing on disseminating information and research.
  - Replicating the model of pairing academics with journalists as is done in the magazine *The Conversation*.
  - Considering approaches where organizations could become qualified donees rather than charities. This potentially lifts the limits on political activities and/or revenue generating.
  - Considering a qualified disbursement (i.e., making it easier to fund an individual initiative, rather than the organization).

- It was noted that, in the United States, individual donors are the backbone of philanthropy, rather than foundations. One magazine discussed has significantly more subscribers than donors but receives more revenue comes from its donors. It's important to nurture the loyalty and relationship a media organization has with its readers and to involve them in identifying needs.

## DAY 4

The participants were welcomed back to the final day of the consultation by the facilitator. The remaining questions were discussed including some case scenarios.

### **7. If news organizations committed to public interest journalism are found to be eligible for charitable status, how would their desire to hold governments to account be reconciled with the current restriction on political and partisan activities?**

- Earlier this year, the organization Canada Without Poverty successfully argued in the Ontario Superior Court that the constraints on its political activity outlined in the *Income Tax Act* and CRA policy violated its constitutional rights.
- Justice Edward Morgan stated:
  - *“a registered charity, has a right to effective freedom of expression, i.e. the ability to engage in unimpaired public policy advocacy towards its charitable purpose.”*
  - *“It would be difficult to express the importance of this Charter right any higher than the Supreme Court of Canada has put it; free of expression “is... ‘fundamental’ because in a free, pluralistic and democratic society we prize a diversity of ideas and opinions for their inherent value both to the community and to the individual.”*
- In September 2018, Finance released draft legislation, with a 30-day public consultation period, to remove the existing quantitative limits on a charity's political activities while still requiring that the charity operate for exclusively charitable purposes.
- As stated earlier in this report, Australia guidance for charities focuses on the charitable purposes rather than the activities.
- It was remarked that in the United States there is more leeway with exempt organizations taking positions on issues. What is key is that the position be fact-based rather than opinion-based.
- A comment was made that, in the United States, the voice of the newspaper is needed to help voters understand whom they are voting for and this voice is seen as a valuable service by its citizens.

- In constraining non-partisan political conduct by charities in England & Wales there is greater concern with the *Lobbying Act* rather than the *Charities Act*. There is also guidance in place on the appropriate relationship between a charity organization and a non-charity organization.

**8. Given the limited ability of the philanthropic sector to contribute to public benefit journalism, are there particular aspects, or gaps, where the sector should focus its attention?**

- Recommendations where the sector might focus its attention regarding public benefit journalism include:
  - research and development
  - innovation
  - capacity building and sustainability
  - fact-checking websites; platforms/hubs for local news
  - leverage of existing charitable infrastructure, e.g. libraries
  - providing training and tools for citizen journalists to cover community issues
- It was recommended not to forego experimentation with journalism in the community over research and development.
- In the United States the initiative WhereByUs helps locals make the most of their cities by building local media brands; building technology for engagement and by designing campaigns to create local engagement.
- In England & Wales, mainstream media is working with and mentoring citizen journalists through an organization called Stronger Voices.

**9. With respect to possible tax preferences for news organizations engaged in public interest journalism which activities would currently qualify what activities should be included in the future and what constraints would be appropriate?**

- It was felt this topic was sufficiently discussed within the previous conversations.

**10. What actions or activities will be required to support public interest journalism in local communities, which will engage citizens, improve media literacy and help to overcome the community disengagement that is evident?**

- It was felt this topic was sufficiently discussed within the previous conversations.

**Additional questions identified:**

**How should we interpret the federal government's budget announcement, offering \$50 million over five years to support local journalism? Do we have recommendations regarding the best use of the funding; such as exploring new**

**business models, encouraging experimentation and innovation, conducting further research or creating within Canada an organization similar to the American Press Institute or the Poynter Institute?**

- It was felt these topics were sufficiently discussed during the previous conversations.

## **SCENARIOS**

The facilitator presented the participants with a number of possible scenarios to discuss against the principles that were developed at the beginning of the consultation.

- 1. Faisal M. started “Grenfell Speaks” in the aftermath of the Grenfell Tower disaster. He wanted local people to ‘own the narrative’. On Facebook alone, he has reached over 8 million people. He has also interviewed the Prime Minister. The purpose of his work is continually to hold Kensington and Chelsea Council to account. To follow up on his initial work Faisal wants to team up with a partner, Samuel G, so they can further explore the safety issues associated with the fire, the health consequences for those injured in the blaze, and other aspects of the incident. They propose to review, edit and fact-check each other’s work, and disseminate the results of this project solely through social media, but they need funding for lab tests, freedom of information requests, etc. Could their project qualify for funding, or if they formed an entity be granted preferential tax status?**

- A comment was made that the public benefit is easy to see after the fact but it’s more difficult to assess whether there is a public benefit prior to the incident. A suggestion was made that the public benefit should be flexible enough to react to what is happening in this case.
- The voiceless are being empowered to prevent disasters. This falls under charitable purposes such as education, research or health and safety.

- 2. A group of people with an interest in the arts and culture establish a non-profit newspaper, which is distributed for free, to report on issues in their part of the city, and to promoted engagement in their local community. This community is under-served by the mainstream media and much of what they cover would not be reported on if the newspaper did not exist. The paper cannot be sustained on advertising revenue alone and needs another revenue source. Under what circumstances might such a venture be considered eligible for philanthropic support?**

- It was suggested that the following points from the principles for public benefit journalism apply:
  - It promotes positive civil engagement by helping the public make informed decisions about important and/or complex aspects of their lives, society and the world;

- It provides a forum for diverse views and ideas, including those who have traditionally been underrepresented in media and society.
  - Arts and culture are existing charitable purposes therefore writing articles about arts and culture would provide a public benefit and the organization should be allowed to become a charity.
  - The CRA would want to know how many in the community are receiving this public benefit. If there are other articles besides arts and culture CRA would look at whether those articles further another charitable purpose, e.g. education.
  - It was observed that arts and culture groups are known to have disagreements. Would splinter groups also become registered charities? How many charities with similar purposes are viable? A comment was offered that more choices mean more public benefit.
  - A comment was made that it is not up to the regulator to worry about the sustainability of the organization. They have a duty to inform the organization of operational requirements such as keeping records, governance, filing taxes etc., but it is up to the governing body to deal with the group's long term financial health.
- 3. Chatham-Kent is a community of 100,000 people in southern Ontario. The city has two newspapers – the Chatham Daily News, which is owned by Postmedia Network Inc., and the locally owned Chatham Voice. The newsroom at the Daily News has been decimated because of the need of its parent company to cut cost and it does not investigate journalism. The Voice, which produces a weekly print edition and publishes to its digital platform daily, has a reporting staff of four but is interested in doing more in-depth reporting in the community. Chatham-Kent is also served by three radio stations, but only one, CKSY-FM has any news reporters. Two reporters at CKSY report on air and write for the station's website. The editor of The Voice and the news director at CKSY meet over beers one night to discuss their mutual frustrations at not having enough staff or time to report on larger issues facing the community. They both agree the city is facing a serious opioid problem that they think is more widespread than most people realize. The local opioid crisis has many potential storylines: a lack of a local addiction treatment center; overloaded Children's Aid Society workers who are dealing with parents hooked on opioids; a disproportionate number of seniors who are addicted. There are even rumours that some members of the local police force have sexually assaulted women after arresting them for illegal opioid use.**

**The Voice and CKSY, even though they are competitors in a small media market, agree they would work together to investigate the problem. But they can't do it under their current business models. Allocating someone from their already overworked newsrooms is not an option – the regular day-to-day news still needs to be covered. However, both of them decide to approach the Chatham Kent Community Foundation. Their ask: \$75,000 to hire a new reporter to work full-time on the opioid investigation for a year. The reporter's**

**findings would be used by both The Voice and CKSY on all of their respective platforms. Would this request fit into the mandate of the Chatham Kent Community Foundation, which has a stated goal of assisting ‘in the development of this community through grants to registered charitable organizations which focus on education, health, arts and culture, recreation, social services, heritage and the environment’?”?**

- This scenario was not discussed other than a comment that this situation was likely to become more familiar over the next decade.

## **FINAL REFLECTIONS**

At the end of the consultation the facilitator offered the participants an opportunity to share their personal reflections on the past four days.

- There was much praise and gratitude expressed to the Muttart Foundation for sponsoring the consultation and for the exceptional care and attention to every detail of the arrangements.
- ‘Thank yous’ were expressed to the facilitator and note-taker for their process that contributed to a successful consultation.
- There was appreciation for all participants and especially the international participants that enriched the exchange of ideas and broadened viewpoints.
- The following quotation from a memorial lecture at the University of Minnesota in 1932, offered by Nelson Poynter was shared with the group:

### ***Can Democracy Survive in the United States?***

***We can’t wise-crack ourselves out of the fact that democracy is not surviving in Europe. We cannot ignore the signs of indifference to democracy’s survival here. Yes, I am uneasy about democracy.***

***We cannot save democracy by denunciation, by red baiting and teacher’s oaths. We can save it only if the people truly want it. They will want it only if they prize it, and they will prize it only when they know it functions adequately in their behalf.***

***Therefore, the best way to protect democracy is to make it work. It will not work for the whole United States if it fails in the component parts of local government which make up the United States.***

***For six years we have witnessed a breakdown of local government in many parts of the country. Schools and hospitals have closed, street lights have been turned out, playgrounds have gone unguarded, police and fire departments have been decimated, garbage has not been collected while streets have gone uncleaned and creditors unpaid.***

***I cannot believe that the people actually are indifferent to such breakdown in their government when it affects so vitally their lives and pocketbooks. Surely we have failed as newspapermen over many years to awaken the electorate to the remedies which lie in their power to prevent such breakdown.***

***It is our fault if our readers are indifferent. With such marvelous possibilities for copy surely we can capture their interest. We must spell out to the reader how much maladjustment of government is costing him personally. Overlapping and duplication mean nothing to him until he knows exactly what such waste costs him personally. Newspapers have been missing a marvelous local story. We have failed to dig deeply enough facts, and the facts we have used have not been dramatized and interpreted to arouse reader interest enough to compete with Li'l Abner and Popeye.***

***I believe it is upon the small newspapers – upon what is referred to, particularly by the newspaper gentry in New York and Chicago, as the country press, both daily and weekly papers – that the job of making democracy function depends. This is a job that only the country press can accomplish, and it is the most important work today confronting the press.***

- A representative from the Muttart Foundation thanked the participants on behalf of the Foundation and wished everyone safe travels home.