



# Evaluation of the Local Journalism Initiative, 2019-20 to 2021-22

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Evaluation Services Directorate

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## List of acronyms and abbreviations

<b>2SLGBTQI+</b>	Two-spirit, lesbian, gay, bisexual, transgender, queer, intersex and others
<b>AOs</b>	Administrator Organizations
<b>CACTUS</b>	Canadian Association of Community Television Users and Stations
<b>CRFC</b>	Community Radio Fund of Canada
<b>EBP</b>	Employee Benefits Payments
<b>ESD</b>	Evaluation Services Directorate
<b>FAA</b>	<i>Financial Administration Act</i>
<b>FTEs</b>	Planned Full Time Equivalent
<b>G&amp;C</b>	Grants and Contributions
<b>IDEA</b>	Inclusion, Diversity, Equity and Accessibility
<b>LJI</b>	Local Journalism Initiative
<b>O&amp;M</b>	Operations and Maintenance
<b>OLMCs</b>	Official Languages Minority Communities
<b>PCH</b>	Canadian Heritage
<b>QCNA</b>	Quebec Community Newspapers Association
<b>SDG</b>	Sustainable Development Goals
<b>TBS</b>	Treasury Board of Canada Secretariat
<b>UN</b>	United Nations

## Executive summary

This document contains the final report of the evaluation of the Local Journalism Initiative (LJI). The LJI supports the creation of original civic journalism to address the diverse needs of underserved communities across Canada. To preserve the independence of the press, seven not-for-profit organizations representing different segments of the news industry administer the Initiative, which in turn fund a range of Canadian media organizations.

This is the first evaluation of the LJI. It covers the period from 2019-20 to 2021-22 and examines the relevance, effectiveness, and efficiency of the Initiative. It used a mixed-methods approach including program document and administrative data review, literature review, surveys, case study and key informant interviews with administrator organizations (AOs), funding recipients, subject-matter experts and Canadian Heritage (PCH) representatives.

## Relevance

The LJI has been responsive to current and changing needs facing local journalism in Canada. The evaluation found that Canadians agree that journalism plays a key role in the principles of transparency and democracy that enables citizens to make informed decisions. It plays a vital and unique role in Canadian communities, supporting trust in journalism and social cohesion.

However, there are gaps in local news coverage in communities across Canada, a trend that has worsened over time. With the rise of new digital technologies and technological platforms, Canadians consume news differently in a context of growing misinformation and disinformation online. Local news organizations are trying to adapt and survive in this new digital age, still digital transformation is affecting local journalism. LJI is helping to alleviate some of the challenges in the industry including the large decline in local news organizations, financial difficulties, and the shortage of qualified journalists in rural and remote areas. The LJI is unique and responds to many current and emerging needs, including specific needs related to the COVID-19 pandemic.

Overall, the Initiative is aligned with federal government priorities for Canadians to have access to diverse and trustworthy Canadian content. Local and reliable Canadian news media ecosystem is an important pillar of democracy. The Initiative is also designed and implemented in ways that support government priorities related to inclusion, diversity, equity, and accessibility (IDEA) and reconciliation with Indigenous peoples. It supports journalists serving groups across Canada that are frequently underrepresented in the news media, such as Indigenous, ethno-cultural, Two-spirit, lesbian, gay, bisexual, transgender, queer, intersex and others (2SLGBTQI+) and Official Languages Minority Communities (OLMCs). However, challenges remain for journalists of underrepresented communities and there are gaps in Indigenous communities' access to local journalism.

## Effectiveness

Despite being relatively new, early results demonstrate that the Initiative has been effective in creating local news and civic journalistic capacity in established news organizations; making news available and increasing access to local news in some underserved communities, mostly in news poverty areas; and improving the coverage of underrepresented groups. The Initiative also supported the hiring of journalists from diverse cultural backgrounds. The LJI appears to contribute its longer term expected result of increasing news consumption.

Key obstacles to the achievement of results include: the relative recent launch of the LJI, as well as some challenges related to journalistic capacity and the creation of local news and civic journalistic presence specifically in news deserts. There are performance measurement challenges such as gaps in data and ability to demonstrate increased content production led to increased consumption of news. There are also questions related to the theory of change in the logic model, and inconsistencies in performance measurement among AOs.

## Efficiency

Overall, and despite the relative newness of the LJI, its delivery appears efficient with a further funding distribution model through AOs that is well-designed to maintain the independence of the press.

PCH establishes and provides the funds through contribution agreements to the AOs, which fund news organizations to hire journalists. PCH does not make decisions on the news content produced nor on the selection of funded news organizations and journalists.

The cost to deliver the LJI has been relatively low and stable. While the service standards were met most of the time, evidence points to dissatisfaction with timeliness in receiving funding. Since LJI is demand driven, allocation of funding across the country varies and amplifies gaps in some areas, such as news deserts. AOs have some good practices in place but there are some challenges to delivery that include inconsistencies in certain approaches, capacity and reporting, as well as transparency concerns in application and selection processes. Opportunities to improve the efficient delivery and the achievement of results may include adjusting the composition of AOs; increasing transparency in some AO processes; allowing further flexibilities in the eligible expenses such as promoting multi-year funding for journalists and start-ups funding.

## Recommendations

Based on the findings and conclusions, the evaluation has made the following three recommendations to ensure continued and strengthened relevance and performance of LJI moving forward.

1. The evaluation recommends that the Senior Assistant Deputy Minister, Cultural Affairs Sector, should work towards reducing key barriers in the Initiative's reach, including reach and impacts in news deserts and Indigenous communities, and should:
  - clarify eligibility of funding for news organization start-ups;
  - strengthen the ability of the LJI to support journalist recruitment and retention; and
  - increase support for local digital news organizations.
2. The evaluation recommends that the Senior Assistant Deputy Minister, Cultural Affairs, should reduce challenges in the LJI delivery model by:
  - further examining the composition of AOs; and
  - strengthening capacity and consistency of AOs, particularly related to the transparency of funding decisions and content on portals.
3. The evaluation recommends that the Senior Assistant Deputy Minister, Cultural Affairs Sector, should improve PCH accountability in monitoring, oversight and reporting of the LJI, which uses a further distribution funding model, by ensuring:
  - a clearer performance measurement strategy that better reflects the theory of change and information needs; and
  - consistent data collection and reporting across all AOs to be in compliance with PCH's reporting requirements.

# 1. Introduction

This report presents the findings, conclusions and recommendations resulting from the Evaluation of the Local Journalism Initiative (LJI). The evaluation was conducted to address evaluation requirements outlined in the Treasury Board of Canada Secretariat (TBS) Policy on Results (2016) and the *Financial Administration Act* (FAA), as well as senior management information needs.

The evaluation was conducted as prescribed in the Departmental Evaluation Plan 2022-23 to 2026-27. It covers the period from 2019-20 to 2021-22 and examines the relevance, effectiveness, and efficiency of the Initiative.

# 2. Program profile

Launched in May 2019, the LJI was designed to support the creation of original civic journalism that is relevant to the diverse needs of underserved communities across Canada, while preserving the independence of the press.

## 2.1. Program activities, objectives and expected outcomes

LJI funding is available to eligible<sup>1</sup> Canadian media organizations to hire journalists or pay freelance journalists to produce civic journalism for underserved communities. The content produced is made available to all media organizations through Creative Commons licenses<sup>2</sup>.

The intention of the LJI is to ensure content created under the Initiative receives the widest possible

### Underserved communities:

**News deserts** - Communities where citizens do not have access to journalistic information about local civic issues and institutions because there are no daily or community newspapers and other media, such as community radio or television.

**Areas of “news poverty”** - Communities where there is limited access to journalistic content about local civic issues and institutions through a daily newspaper or public or private broadcaster.

<sup>1</sup> To be eligible for funding, an applicant must be a press agency; a private news organization; or a non-profit news organization. Organizations must also operate in the following fields: written press; community radio; community television; or online news services. Private non-community broadcasters and the CBC/Radio-Canada are not eligible.

<sup>2</sup> A [Creative Commons \(CC\) license](#) is one of several public copyright licenses that enable the free distribution of an otherwise copyrighted "work." A CC license is used when an author wants to give other people the right to share, use, and build upon their work. CC provides an author flexibility to allow only non-commercial uses of a given work. It protects the people who use or redistribute an author's work from concerns of copyright infringement as long as they abide by the specified conditions.

distribution and is freely shared with other news organizations invested in the creation of Canadian journalism.

The objectives of the Local Journalism Initiative are to:

- support the creation of original civic journalistic content for underserved communities;
- promote employment and news coverage that reflects Canadian diversity; and
- preserve the independence of the press.

The Initiative's logic model shown in Table 1 outlines its short, medium, and long-term expected outcomes.

**Table 1: Local Journalism Initiative logic model**

<b>Long-Term Outcome</b>	<ul style="list-style-type: none"><li>• Increase consumption of local news in underserved communities.</li></ul>
<b>Intermediate Outcome</b>	<ul style="list-style-type: none"><li>• Increase access to local news and civic journalism in underserved communities.</li></ul>
<b>Immediate Outcome</b>	<ul style="list-style-type: none"><li>• Increase in journalistic capacity in underserved communities.</li><li>• Availability of news in communities across Canada.</li></ul>

## **2.2. Program management and governance**

The Initiative is managed by the Creative Industries and Trade Branch of Canadian Heritage's (PCH) Cultural Affairs Sector.

To preserve the independence of the press, the Initiative is administered through a further distribution funding model where funding is provided through multi-year contribution agreements to Administrator Organizations (AOs). AOs are industry-recognized associations that have an in-depth understanding of, and represent, the Canadian news media landscape. The contribution agreements with AOs are managed in accordance with the *Policy on Transfer Payments* as well as existing Departmental policies and directives.

The seven AOs are not-for-profit organizations that represent different segments of the news industry (Table 2). They were chosen by PCH to further distribute the funding of the Initiative. Further information on the funding distribution to each AO can be found in Annex B, Table B-5.

**Table 2: Administrator Organizations**

Segment of news industry	Administrator Organizations
Print and online news media	<ul style="list-style-type: none"> <li>News Media Canada</li> </ul>
Official language minority written press	<ul style="list-style-type: none"> <li>Réseau.Presse</li> <li>Quebec Community Newspapers Association</li> </ul>
Ethnic press and media	<ul style="list-style-type: none"> <li>National Ethnic Press and Media Council of Canada</li> </ul>
Community radio	<ul style="list-style-type: none"> <li>Community Radio Fund of Canada</li> </ul>
Community television	<ul style="list-style-type: none"> <li>Canadian Association of Community Television Users and Stations (CACTUS)</li> <li>Fédération des télévisions communautaires autonomes du Québec</li> </ul>

The seven AOs distribute the LJI funding to non-profit or private Canadian community news organizations in the written press, online news, community radio, or community television. These ultimate recipients are charged with directly addressing coverage gaps through the hiring, freelancing and/or retention of journalists. Private non-community broadcasters and the CBC/Radio-Canada are not eligible for LJI funding.

## 2.3. Resources

Over the evaluation period (2019-20 to 2021-22), the approved reference level for the LJI, as presented in Table 3, was \$21.1M and actual expenditures amounted to \$36.1M. These figures include both salary and operations and materials (O&M) as well as grants and contributions (G&Cs).

**Table 3: LJI financial resources (\$ millions) – Reference levels, 2019-20 to 2021-22**

Fiscal year	Salary, EBP <sup>3</sup> & O&M	G&Cs	Total
2019-20*	-	-	-
2020-21	0.5	10.0	10.5
2021-22	0.6	10.0	10.6
<b>Total</b>	<b>1.1</b>	<b>20.0</b>	<b>21.1</b>

Source: Financial Planning and Resource Management, Chief Financial Officer Branch PCH

\*Since funding was received via Supplementary Estimate A and started being distributed during the fiscal year of 2019-2020, there are no amounts for reference levels in 2019-20.

<sup>3</sup> Employee Benefits Payments

The actual spending of the LJI over the period of the evaluation was \$36.1 million (Table 4).

**Table 4: LJI financial resources (\$ millions) – Actual expenditures, 2019-20 to 2021-22**

Fiscal year	Salary, EBP & O&M	G&Cs	Total
2019-20	0.1	10.0	10.1
2020-21	0.5	10.0	10.5
2021-22	0.5	15.0	15.5
<b>Total</b>	<b>1.1</b>	<b>35.0</b>	<b>36.1</b>

Source: Financial Planning and Resource Management, Chief Financial Officer Branch PCH

While outside the evaluation period, the evaluation acknowledges that the reference levels for LJI added an additional \$37.5 million over the subsequent 2 years, 2022-23 and 2023-24, bringing the total reference levels for the five-year period to \$58.6 million; actual spending was \$51.6 million.

### **3. Evaluation approach and methodology**

The PCH Evaluation Services Directorate (ESD) led this evaluation with targeted support from an evaluation consulting firm.

#### **3.1. Scope**

The evaluation includes all LJI spending over the period from 2019-20 to 2021-22. The ESD conducted scoping interviews with senior management, internal PCH Program stakeholders, and representatives from the seven Administrator Organizations. As a result, the following specific areas and information needs were considered in the evaluation:

- effectiveness of the current design or funding model;
- funding flexibility to meet the needs of stakeholders;
- capacities in the different AOs;
- reporting burden; and
- administrative costs.

#### **3.2. Calibration**

Given that the Initiative has only been in existence since 2019, the focus of the evaluation was on its design and immediate outcomes, as well as progress towards its intermediate and long-term outcomes. This evaluation was further calibrated in terms of effort and time by:

- reducing the number of evaluation questions;

- focusing on existing data sources where possible;
- undertaking targeted data collection; and
- streamlining the report.

### 3.3. Evaluation questions

The evaluation issues and questions examined are listed in Table 5. The evaluation matrix, which details the indicators for all questions along with the data collection methods, is found in Annex A.

**Table 5: Evaluation questions by core issue**

Core Issue	Evaluation questions
<b>Relevance</b>	1. To what extent does the LJI respond to current and emerging needs? 2. To what extent is the LJI aligned with and advancing government priorities, roles and responsibilities, including those related to IDEA and reconciliation?
<b>Effectiveness</b>	3. To what extent did the LJI achieve its expected outcomes?
<b>Efficiency</b>	4. To what extent is the LJI efficiently delivered?

### 3.4. Data collection methods

The evaluation used a mixed-methods approach, a combination of qualitative and quantitative data collection. It relied on both primary and secondary sources of information to respond to evaluation questions and requirements (Table 6).

**Table 6: Summary of methodology**

Methodology	Description
<b>Document and administrative data review</b>	Review of key government and program documents, such as budgets, Speeches from the Throne, TB submissions, directives and procedures, performance information profile <sup>4</sup> for the Cultural Industries Support and Development Program, terms and conditions, relevant legislation and policies, briefing notes, recipient reports, program and performance data, including financial data.
<b>Literature Review</b>	Review of academic literature, media articles, public policy studies, and a jurisdictional scan focused on the civic function of journalism in supporting Canadian democracy, the impact on citizens, gaps, and the role of public policy.

<sup>4</sup> Performance Information Profile for the sector including the Local Journalism Initiative

Methodology	Description
<b>Key informant Interviews</b>	A total of 30 interviews with key internal and external stakeholders, including academic experts in the journalism sector in Canada.
<b>Surveys</b>	Surveys of funded news organizations – response rate 43% (160 responses, out of 372) and unfunded news organizations – 32% response rate (60 responses, out of 186).
<b>Case Studies</b>	Analysis of AO best practices, lessons learned and success stories.

### 3.5. Evaluation limitations and mitigation strategies

Table 7 presents the key limitations of the evaluation and the mitigation strategies used to minimize their impacts.

**Table 7: Evaluation limitations and mitigation strategies**

Limitations	Mitigation Strategy
Given the LJI is a new initiative, launched in 2019, there are limitations on measuring results and impact.	The evaluation focused on the achievement of short-term results achieved in the first 3 years of the 5-year initiative, 2019-20 to 2021-22. It used a Theory of Change analysis to establish the extent to which there are causal links between program activities and short, medium, and longer-term results.
Access to certain key informants was limited. In particular, ESD was not able to contact journalists directly for data collection, to protect the independence of the press.	<ul style="list-style-type: none"> <li>The evaluation conducted interviews with subject matter experts to support data and add other perspectives.</li> <li>The evaluation team analyzed existing internal documents and reports from all AOs.</li> </ul>

## 4. Findings

### 4.1. Relevance

This section examines the continued relevance of the LJI, including its responsiveness to the needs of Canadians, its alignment with and advancement of government priorities, and the extent of complementarity with other PCH programming.

#### 4.1.1. Ongoing need for the program

**Evaluation question:** To what extent does the Local Journalism Initiative respond to current and emerging needs?

**Key findings:**

- Local journalism is important to Canadians. It plays a vital and unique role in Canadian communities, supporting transparency and democracy, trust in journalism and social cohesion.
- However, there are gaps in local news coverage across Canada, a trend that has worsened over time. With the rise of new digital technologies and technological platforms, Canadians consume news differently and there is evidence of growing misinformation and disinformation online. Local news organizations are trying to adapt and need further support to survive in this new digital age.
- In the context of digital transformation and changing habits of Canadians and advertisers, local news organizations face financial pressures and have declined over time. They also face challenges with the recruitment and retainment of qualified journalists in underserved communities.
- Through funding and supports, LJI is helping to alleviate key challenges facing the industry.
- The LJI was able to provide additional supports to meet specific needs related to the COVID-19 pandemic during the evaluation period.

#### Local journalism is important to Canadians

The LJI supports access to local news, particularly in underserved communities. Canadians agree that journalism plays a key role in the principles of transparency and democracy that enables citizens to make informed decisions. Studies show that civic involvement is driven by how closely people follow the news and the volume of news they consume.<sup>5</sup> Furthermore, a 2017 survey of Canadians showed that almost all respondents (95%) believed that local journalism helps people with poor access to information to benefit from journalistic content that meets the needs of their communities.

In the age of social media, credible and reliable media is important to counter disinformation or misinformation, which is gaining ground and can spread at an exponential rate. The majority of survey respondents (92%) believe that local journalism helps to ensure the independence of news sources and therefore the reliability of information. Almost all respondents (96%) strongly agreed that the disappearance of local journalism would not be in the interest of their communities. Furthermore,

<sup>5</sup> [Earnscliffe Strategies - What Canadians think of the news media](#)

according to a 2017 survey,<sup>6</sup> 139 out of 150 (92%) of Canadians surveyed believed that local journalism helps to ensure the independence of news sources and therefore the reliability of information.

There are clearly gaps in local news coverage in communities across Canada, a trend that has worsened over time.<sup>7</sup> There are questions with respect to where Canadians retrieve their news when credible local news media is not available. For example, there is often a lack of clear transparency and accountabilities in social media or blogs.<sup>8</sup>

### **Local journalism supports social cohesion**

The LJI contributes to social cohesion by having journalists tell stories about and for communities. Local journalism helps to preserve a sense of community identity and social cohesion. This is especially important for official language minority communities (OLMCs), ethnocultural and Indigenous communities.<sup>9</sup> Local journalism relays information that has an impact on the daily lives of readers and reports on the political and social situation. It strengthens the reader's connection to a community, emphasizing their role as a citizen in a democracy. With the ever-increasing influx of digital information, local journalism is of paramount importance in the life of a community.<sup>10</sup> Most survey respondents (94%) agreed that local journalism is an important factor in social cohesion.

The crisis in local journalism is a threat to social cohesion. One industry expert who was interviewed for the evaluation stated well the idea of many: "Local journalism fulfils two main functions. One is an empowerment function, and the other is more of a community-building function. Communities continue to lose their local coverage and their local journalists, which basically means they lose their common sense of themselves and a common set of facts."

### **Digital transformation is affecting local journalism**

Canada's media landscape has changed radically in recent years and is still in a state of major transformation. Increasingly, Canadians are turning to digital platforms for their news and media content, and traditional media platforms (print, television, and radio) are feeling the pressure. Traditional media now face digital competition, which in many cases is based outside of Canada. Some news organizations have switched completely to digital technology, while others are calling for government assistance to adapt. Newspaper publishers recognize that they must be innovative to survive in this new digital age.

The importance of industry evolution is evident. However, it is also clear that there are challenges with revenue generation as well as accuracy and trustworthiness in digital journalism. Many of those

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<sup>6</sup> Idem

<sup>7</sup> [Committee Report No. 6 - CHPC \(42-1\) - House of Commons of Canada \(ourcommons.ca\)](#)

<sup>8</sup> [Local news matters because it connects community members – Local News Conference \(torontomu.ca\)](#)

<sup>9</sup> [Committee Report No. 6 - CHPC \(42-1\) - House of Commons of Canada \(ourcommons.ca\)](#)

<sup>10</sup> <https://www.isfj.fr/actualites/20052022-journalisme-local/>

interviewed commented that the rise of information and communication technologies has not been helpful to civic-minded local journalism. The surveys of news organizations indicated that the emergence of new digital platforms (google, meta) to be a key factor influencing the decline of local journalism.

The federal government's introduction of the *Online News Act*<sup>11</sup> is meant to support and protect Canadian journalism by ensuring that large digital media platforms compensate news organisations for using their content.<sup>12</sup> While the Act helps local journalism to some extent, the decline of traditional media is large and complex, requiring multiple solutions.

### **LJI helps alleviate some key challenges faced by local journalism**

Key challenges include financial difficulties as well as recruitment and retainment of qualified journalists, particularly in underserved communities. LJI is helping to financially sustain some vulnerable news organizations by supporting journalist salaries and the creation of original civic content in underserved communities across Canada.

Total revenues for local newspapers in Canada declined by almost 60% between 2010 and 2020<sup>13</sup>, leading to the closure of many newspapers. Over the same period, 300 newspapers have disappeared, including 76 in the last two years. Media closures and consolidation have further exacerbated the problem. Since 2008, 27 private radio stations, 6 public radio stations, and 12 private television stations have either directly closed or have merged.

Some interviewees and survey respondents identified unfair competition and pressure from large digital platforms as key issues facing local journalism. Others mentioned that large media companies have bought local newspapers, causing, in some cases, closures or limiting local news coverage to some extent.

Many news organizations mentioned the importance of funding more media organizations, journalists, and support staff. They also stressed the need to support organizational capacity, such as equipment, infrastructure and, training of local journalists. Some mentioned the lack of capacity in small media organizations, which affects the content and quality of news production.

Overall, the news industry is facing a large labour shortage of journalists and support staff, particularly in remote and rural areas. There are scarce employment opportunities and lower pay in underserved

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<sup>11</sup> <https://laws-lois.justice.gc.ca/eng/acts/O-9.3/>

<sup>12</sup> On November 29, 2023, the Minister of Canadian Heritage announced that Google will contribute \$100 million in financial support annually, indexed to inflation, for a wide range of news businesses across the country, including independent news businesses and those from Indigenous and official-language minority communities. [Minister St-Onge releases final regulations for the Online News Act - Canada.ca](#)

<sup>13</sup> [The Shattered Mirror: 5 Years On](#)

communities and salaries of journalists have remained stagnant, although work has increased to include such things as social media management.

Evidence demonstrates that, in general, there is an unwillingness for journalists to relocate from urban to rural areas. Furthermore, moving and travelling expenses are not eligible under the LJI and journalists tend to receive only one-year contracts, both of which are disincentives to relocate.

### **The Initiative responded to changing needs related to the COVID-19 pandemic**

The federal government added new resources to the LJI to support local journalists in underserved communities during the COVID-19 pandemic. An additional \$10 million was invested in the LJI over two years beginning in 2021-22 as part of the Recovery Fund for Arts, Cultural, Heritage and Sport Sectors<sup>14</sup>. At least 60% of this new funding was for journalists that served underrepresented groups such as Indigenous, ethnocultural, 2SLGBTQI+ and OLMCs.

Challenges related to the pandemic have highlighted the importance of credible and reliable news media. Some interviewees stated that the LJI was a lifeline for local journalism, particularly during the pandemic. The pandemic amplified already declining trends in advertising revenues, as well as job losses and newsroom closures.

### **LJI is unique in its targeted support for local civic journalism in Canada**

Other than the LJI, there are no direct federal measures targeting the growing gaps in civic local journalistic coverage in underserved communities. While the federal government's response to the problems facing the media has been multifaceted, the evaluation did not identify any overlap between the LJI and other federal programs and fiscal incentives.

LJI also appears complementary to other federal programs and initiatives, among others the:

- Special Measures for Journalism, a component of the Canada Periodical Fund (CPF) which was introduced during the pandemic, provides temporary recovery funding to free or low-paid circulation Canadian magazines and community newspapers.
- Community Media Strategic Support Fund (CMSSF), launched as part of the Action Plan for Official Languages (2018-2023), supports new strategic projects that contribute to the vitality of eligible official languages minority communities.
- Changing Narratives Fund<sup>15</sup>, which was announced in Budget 2022, is meant to provide diverse communities and organizations with the tools to tell their own stories and to promote diverse voices in the arts, culture, and media sectors.

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<sup>14</sup> <https://www.canada.ca/en/canadian-heritage/news/2021/06/backgrounder---continued-support-for-arts-culture-heritage-and-sport-sector-organizations.html>

<sup>15</sup> [Budget 2022: A Plan to Grow Our Economy and Make Life More Affordable \(canada.ca\)](https://www.canada.ca/en/canadian-heritage/news/2021/06/backgrounder---continued-support-for-arts-culture-heritage-and-sport-sector-organizations.html)

Overall, the LJI also appears to be complementary to other federal measures, such as the Canadian journalism labour tax credit, the Digital Subscription Tax Credit, and the *Online News Act*.<sup>16</sup>

#### 4.1.2. Alignment of LJI with government priorities

**Evaluation question: To what extent is the Local Journalism Initiative aligned with and advancing government priorities, roles, and responsibilities, including those related to IDEA and reconciliation?**

**Key findings:**

- The Initiative aligns with federal government priorities, ensuring Canadians have access to diverse and trustworthy Canadian content, including a robust local and reliable news media ecosystem - an important pillar of democracy.
- The Initiative is designed and implemented in ways that support government priorities related to IDEA and reconciliation with Indigenous peoples. It supports journalists serving groups across Canada that are frequently underrepresented in the news media, such as Indigenous, ethno-cultural, 2SLGBTQI+ and OLMCs.
- However, challenges remain for journalists of underrepresented communities and there remain gaps in Indigenous communities' access to local journalism.

#### LJI is aligned with roles, priorities, and responsibilities of government

The LJI is aligned with the roles, priorities, and responsibilities of the federal government and PCH.

Several federal Budgets<sup>17</sup> as well as various reports and plans support ensuring Canadians have access to diverse and trustworthy news content. For example, the Report of the Standing Committee on Canadian Heritage, *Disruption: Change and Churning in Canada's Media Landscape*<sup>18</sup>, recognized the importance of media as a reflection of Canadian diversity and a pillar of our democracy. It called on the Government to implement measures to ensure a free and independent media, including local news reporting in Canada.

The Departmental Plan 2022-2023 describes the alignment of the Local Journalism Initiative to the goals of PCH, such as that, "Canadians are able to consume Canadian content on multiple platforms".

The United Nations (UN) 2030 Agenda for Sustainable Development and the UN Sustainable Development Goals (SDG) noted the public has access to information and protection of fundamental freedoms, in accordance with national legislation and international agreements (SDG 16).

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<sup>16</sup> The Online News Act became law on June 22, 2023

<sup>17</sup> The program received additional funding through Budgets 2021 and 2022 to address ongoing vulnerabilities in coverage that were exacerbated by, and continue following, the COVID-19 pandemic.

<sup>18</sup> <https://www.ourcommons.ca/DocumentViewer/en/42-1/CHPC/report-6/page-39>

### **LJI supports underrepresented groups in underserved communities across Canada**

The Initiative focuses on underrepresented groups in areas of news poverty and news deserts across Canada in several ways. It provides funding for news organizations to hire journalists to support local news and civic journalism for rural and remote, Indigenous, ethnocultural, OLMCs and 2SLGBTQI+ communities. This support helps ensure that these communities continue to have access to reliable news, irrespective of market pressures or economic fluctuations.

The LJI promotes diversity in the news ecosystem by requiring that all AOs have plans in place to promote hiring and coverage in a manner that is reflective of Canadian diversity. In 2021-22, the LJI earmarked \$3.1 million specifically for three organizations mandated to serve diverse communities: the National Ethnic Press and Media Council, Réseau.Presse and the Quebec Community Newspapers Association.<sup>19</sup> As well, an additional \$1.6 million was reserved by other AOs to serve underrepresented groups. In total, at least \$4.7 million was set aside for underrepresented groups. This funding supported journalists serving groups that are frequently underrepresented in the news media, such as Indigenous, ethno-cultural and OLMCs. The evaluation also notes that there was a requirement that at least 50% of the new COVID-19 related funding had to support underrepresented groups.

Most interviewees acknowledged that ethnocultural, OLMCs and the 2SLGBTQI+ groups are well represented throughout the LJI. In particular, the LJI has enabled news organizations to create content that focuses on Indigenous communities, including in smaller Northern regions. The hiring of Indigenous journalists and coverage of Indigenous issues align with the goal of reconciliation and supporting Indigenous media. For example, the funding has allowed coverage of the housing crisis in all 33 communities of the Northwest Territories, including seven communities where previous coverage was non-existent.

### **Challenges remain for journalists of underrepresented groups**

Attracting and supporting journalists from diverse communities is challenging and often requires additional resources. In particular, some of those interviewed and surveyed for the evaluation noted that Canadian journalists who are originally from different countries can face difficulties understanding and adapting to the Canadian model of journalism. They suggested that training programs are essential to bridge this gap and support journalists in general, and from underrepresented groups. There is a need to improve communication and raise awareness about available journalism programs and initiatives, particularly among marginalized communities.

A related challenge in the journalism industry overall and in accessing the LJI is language. There are gaps in funding for translation services, creating linguistic barriers facing those who do not speak French nor English, including members of Indigenous communities.

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<sup>19</sup> <https://www.canada.ca/en/canadian-heritage/corporate/publications/plans-reports/departmental-plan-2022-2023.html>

There remain gaps in Indigenous communities' access to local journalism. There is a need for increased support to Indigenous news organizations as these communities lack specific media outlets that cater to their needs, limiting coverage and representation. In addition, overcoming challenges like building relationships, recruitment difficulties, existing biases and financial constraints is crucial for news organizations already in Indigenous communities. Some interviewees called for more support for Indigenous news organizations and noted challenges in recruiting Indigenous journalists. In addition, according to interviewees, the definition of civic journalism may not have the same meaning for Indigenous communities.

## 4.2. Effectiveness

This section describes the extent to which LJI achieved its various intended outcomes, identifies the factors that facilitated or inhibited their achievement, and assesses the extent it has available and uses performance information.

### 4.2.1. Achievement of expected outcomes

**Evaluation question:** To what extent did the Local Journalism Initiative achieve its expected outcomes?

#### Key findings:

- Early results demonstrate that the Initiative has been effective in:
  - creating local news and civic journalistic capacity in established news organizations;
  - making news available, and increasing access to local news in some underserved communities, mostly in news poverty areas; and
  - improving the coverage of underrepresented groups and the hiring of journalists from diverse cultural backgrounds.
- There is evidence that the LJI contributes to longer term expected results including increased news consumption. In addition, there are examples of funded activities leading to better public awareness and community mobilization to local issues.
- Key obstacles to the achievement of results include the relative recent launch of the LJI, as well as the lack of journalistic capacity building and the creation of local news and civic journalistic presence specifically in news deserts.
- There are performance measurement challenges:
  - gaps in data and ability to demonstrate increased content production led to increased consumption of news;
  - questions related to the theory of change in the logic model; and
  - inconsistencies in performance measurement among AOs.

## The LJI achieved immediate and intermediate expected outcomes

The Initiative achieved its immediate outcomes of increasing journalistic capacity and making news available in underserved communities across Canada. Over 2019-20 to 2021-22, an average of 408<sup>20</sup> journalists were hired each year through LJI. They were hired in almost 2000 underserved communities, generating approximately 75 000 articles since the beginning of the Initiative for communities in all provinces and territories, not including TV and radio production time.<sup>21</sup>

Furthermore, the Initiative has achieved to some extent its intermediate outcomes of increasing access to local news and civic journalism in underserved communities. Evidence from surveys and key informants suggest these increases would not have otherwise been possible without LJI funding. Increased access was achieved in areas of news poverty more than in news deserts. Surveyed news organizations agreed that the LJI achieved its immediate outcomes in areas of news poverty<sup>22</sup> (77%) as well as in news deserts<sup>23</sup> (69%).

## LJI supported local journalism reflecting Canada's diversity

The LJI has promoted the coverage of underrepresented groups. Surveyed news organizations strongly agreed that the Initiative promoted coverage of issues and stories of underrepresented groups.

Under the LJI, media organizations are required to adopt a hiring policy that promotes diversity and inclusion, a human resources policy that ensures employment equity, and a workplace free from harassment, abuse, and discrimination. A total of 762 journalists were hired to cover issues related to underrepresented groups in the media, and the number of these journalists increased over the evaluation period except for Indigenous communities (Table 8).

**Table 8: Number of journalists covering diverse underrepresented groups, 2019-20 to 2021-22**

Type of underrepresented groups	2019-20	2020-21	2021-22
Indigenous communities	49	59	47
Ethnocultural communities	59	69	66
OLMCs	82	122	206
2SLGBTQI+ communities	0	1	2

<sup>20</sup> Some journalists could have retained their positions over the years.

<sup>21</sup> CRFC (Community Radio Fund of Canada) has no data on production time and according to CACTUS, it posted a total of 744 hours of content from 2019 to 2021.

<sup>22</sup> Areas of “news poverty” - Communities where there is limited access to journalistic content about local issues and institutions through a daily newspaper or public or private broadcaster.

<sup>23</sup> News deserts - Communities where citizens do not have access to journalistic information about local civic issues and institutions because there are no daily or community newspapers and other media, such as community radio or television.

The LJI was effective in recruiting journalists from underrepresented groups, especially Indigenous journalists covering their own communities. However, recruiting journalists from underrepresented groups proved more difficult in some rural and remote areas, which tend to be less diverse.

#### **The LJI contributed to its ultimate expected outcome**

Longer term results are difficult to capture due to the relative newness of the LJI and the need to recognize the contribution of other programs and policies as well as changes in the industry and the news environment. However, it is reasonable to conclude that LJI supported higher consumption of news based on data related to the numbers of: newspapers sold; articles appearing on social media; subscribers and listeners; and portal views and downloads. News consumption increased in underserved communities according to surveyed news organizations and interviewees.

In addition to the expected long-term results of the program, there is some evidence that work supported by the LJI led to better community awareness and mobilization related to local issues. For example, the Narwhal, a Yukon community paper, had a report on arsenic-contaminated wastewater which drew considerable attention and led to public awareness and actions on environmental issues in the mining industry. In another case, a LJI reporter at CHICO-TV reported on the lack of access to transportation during the pandemic which led to changes in ferry services connecting Campobello Island to mainland New-Brunswick.

#### **Some gaps exist in the logic model and performance measurement**

Telling a clear results story is important for all programs. The LJI theory of change and logic model could be improved through better sequencing of outcomes, avoiding duplication in outcome statements, and reflecting a change in Canadians' behaviour or well-being in the long-term outcome.

There are inconsistencies in tracking and reporting requirements between AOs with each having its own portal and metrics. Although data collection on the number of published articles, hired journalists, and reached communities help track progress, it varies between AOs and is not standardized. Furthermore, impact assessment of LJI relies on limited quantitative data on news consumption and anecdotal examples of articles which have had positive impact in their communities. It is also limited to the first three years of the Initiative covered by the evaluation.

### **4.3. Efficiency**

This section describes the extent to which LJI was delivered in an efficient manner and assesses the extent to which the Initiative has mechanisms and best practices in place that promote efficient program delivery and clientele experience.

### 4.3.1. Efficient delivery

#### Evaluation question: To what extent is the LJI efficiently delivered?

##### Key findings:

- Overall, and despite the relative newness of the LJI, its delivery appears efficient with a further funding distribution model through AOs that is well-designed to maintain the independence of the press.
- The cost to deliver the LJI has been relatively low and stable.
- Since LJI is demand driven, allocation across the country varies and gaps remain in some areas, such as news deserts.
- AOs have some good practices in place but there are some challenges to delivery that include inconsistencies in certain approaches, capacity and reporting, as well as transparency concerns in application and selection processes.
- Opportunities to improve the efficient delivery for the achievement of results may include: examining the composition of AOs; increasing transparency in some AO processes; allowing further flexibilities in the eligible expenses such as promoting multi-year funding for journalists and start-ups; ensuring that approved funding is received by AOs in a timely manner.

#### The LJI delivery model appears appropriate with mechanisms in place to support good administration

The governance and organizational structure of the LJI was designed to be arm's-length from government. More precisely, it was designed as a further distribution funding model where funding is provided through multi-year contribution agreements to AOs.

The LJI is effective in maintaining the independence of the press. The current further distribution funding model, by which AOs deliver LJI funding to news organizations, keeps the government at arm's-length. PCH establishes and provides the funds through contribution agreements to the AOs, which fund news organizations to hire journalists. PCH does not make decisions on the news content produced nor on the selection of funded news organizations and journalists.

In addition to clear contribution agreements, PCH ensures monitoring through regular AO meetings, the identification and sharing of best practices and interim and annual AO reporting. According to survey respondents, PCH generally provides support and structure, offering useful tools and guidance to AOs. PCH has streamlined processes, ensuring the collection of some information. Overall, AOs noted positive aspects of the PCH delivery model including clear directives and reporting requirements, useful guidance and responsiveness when there are questions.

PCH service standards for AOs (Annex B) were met all the time except for issuance of payment. In summary, the service standards and rate of achievement were:

- Acknowledgement of receipts within 2 weeks: 100%
- Funding decisions within 26 weeks: 100%
- Issuance of payment within 4 weeks: 67% for the first cycle and 83% of the time for the second.

Evidence from key informants and the survey of news organizations point to some dissatisfaction with timeliness of PCH processes, particularly the waiting period for receiving funding. The service standard for reaching funding decisions spans 26 weeks, and although it has been adhered to, the designated duration appears to be long. These delays in funding decisions and issuance of payments led to uncertainties and management difficulties for AOs and news organizations.

In addition to addressing delays in funding decisions and payments, AOs suggested aligning program delivery milestones with news organizations' calendars to ease budget planning. AOs and news organizations also underlined the importance of more regular and predictable funding, particularly promoting multi-year funding for journalists to facilitate contract renewals, retention and less administrative burden.

There were important lessons learned related to the PCH administration of the LJI, especially during the early stages and during COVID when it was managed with existing PCH resources, namely the Policy group of the Canada Periodical Fund (CPF). Though this approach was chosen to more rapidly implement the LJI, it increased workload on the policy team and it required specific skills and competencies related to administering and overseeing multiple contribution agreements within a further distribution funding model.

To address this challenge, some work and tasks were transferred to the operations group of the CPF where there was more resources and capacity in program delivery. This transition helped to alleviate workload and clarify internal roles and responsibilities among policy and operation groups. In addition, Budget 2022 provided specific human resources to LJI<sup>24</sup> for the last year, 2023-24.

#### **The cost to deliver the LJI is reasonable**

The cost to deliver the LJI has been relatively low and stable with an administrative ratio averaging 3.0% over the three years, as presented in Table 9. While the LJI was initially managed using existing resources from the CPF with two assigned employees, the need for more resources became necessary to respect capacity and workload of personnel. Budget 2022 announced funding for additional human resources to support program and policy functions. While outside the scope of this evaluation, the additional funding was available in 2023-24.

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<sup>24</sup> Budget 2022 provided 0.67 AS-02, one PM-04 and one PM-05 in 2023-24

**Table 9: Administrative cost ratio, 2019-20 to 2021-22**

Resources	2019-20	2020-21	2021-22	Total
PCH salary, EBP & O&M (A) \$	104,442	487,532	514,474	1,106,448
LJI Gs&Cs expenditures (B) \$	10,000,000	10,000,000	15,000,000	35,000,000
Total LJI expenditures (C = A+B) \$	10,104,442	10,487,532	15,514,474	36,106,448
LJI administrative ratio (A/C) %	<b>1.0</b>	<b>4.6</b>	<b>3.3</b>	<b>3.0</b>

Source: Financial Planning and Resource Management, Chief Financial Officer Branch, Chief Financial Officer Branch, PCH

In fact, the administrative ratio remains reasonably low even when including AOs administrative expenditures with an average of 9.2%, as presented in Table B-4, Annex B. Administrative expenditures of each recipient organizations are capped at 10% of total G&C funding, that is \$1,000,000 for 2020-2021 and \$1,500,000 for 2021-2022.<sup>25</sup>

#### **Since LJI is demand driven, allocation of funding across the country varies**

Equitable allocation does not mean that the LJI funding is equally distributed in underserved communities of all regions of the country. There are differences in both capacity and needs. PCH key informants and program documentation emphasize that the intention of LJI is to provide underserved communities with access to information. As the Initiative is demand driven, funding in some regions may be higher or lower based on AO-defined priorities and the quality of applications. For example, Ontario has more news organizations than other provinces and received a larger portion of the grants awarded.

AOs signalled that outreach to existing news organizations is conducted in all regions. Many acknowledged room for improvement in the outreach strategies, allocation processes, and efforts to eliminate barriers. Moreover, while attempts are made to have representation in all provinces, there are some areas, news deserts, that simply have an absence of a community news organization. Respondents noted difficulties to hire journalists in some news deserts since the funds provided by LJI cover journalists' salaries and some equipment, but additional expenses like supervision, travel, and content distribution need to be sourced separately.

<sup>25</sup> Actual administrative expenditures were obtained from the annual audited financial statements for each AO. There are other expenditures eligible such as 15% for dissemination of content and 5% for equipment that are not included in this table.

## There are questions related to the composition of AOs and differences in their capacity and approaches

Evidence is not clear to support conclusions on the optimal number or representation of AOs to deliver the LJI. Certainly, there are differing opinions on the optimal number, both from internal and external key informants including the AOs themselves. Some suggested a reduction in the number of AOs for more efficiency, while others value the model in place with seven AOs. In terms of representation, the idea of adding an Indigenous AO was suggested by several key informants and the program was considering this change to foster reconciliation. Additionally, some respondents noted having a single AO for digital media may be useful.

It was clear that there are differences in AO capacity that impact efficient achievement of results to some extent. While most AOs expressed that they have sufficient capacity, including processes and qualified staff, others had concerns about staff turnover, resource limitations, and challenges in meeting reporting requirements and managing their own portal. The smaller AOs are required to produce the same reporting and manage their own portal with less resources as administrative expenses are capped at 10%<sup>26</sup> of their total funding, and dissemination of content is capped at 15%.<sup>27</sup> Several key informants specifically noted that there are issues among the AOs regarding their capacity to gather and report data.

In addition to the contribution agreements, PCH also developed best practices for the AOs to ensure that the LJI is administered with a minimum level of commonality. AOs were strongly encouraged to adopt and improve upon these practices for the duration of the Initiative. However, there are some inconsistencies in how AOs administer and deliver the Initiative, including related to portals, application processes, and reporting. In particular:

- **Portals:** Each of the AOs have their own portal that are accessible from their websites. Resources allocated to managing portals and their designs differ across AOs. While some portals are accessible by the public, others are for members only, which may limit sharing of content. News organizations had varying views on this practice, but some would prefer a centralized portal for LJI.
- **Selection processes:** The AOs selection processes lack transparency, as the criteria for selecting members of the decision-making bodies and final recipients are not always made public. This lack of transparency could create a perception of favoritism in the allocation of funding from AOs.
- **Reporting requirements:** Reporting requirements are communicated through contribution

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<sup>26</sup> AOs can allocate 10% of LJI contributions towards administrative expenses, which include costs related to overhead, reporting, auditing, consulting, travel, etc.

<sup>27</sup> AOs and ultimate recipient may incur expenses, that does not exceed 15% of LJI annual contributions, related to the storage and dissemination of content, including the development and maintenance of computer systems/platforms and copyright licenses.

agreements between PCH and AOs and through contractual arrangements between AOs and news organizations. Final AO reports include the number and location of hired journalists and the number of articles, videos or stories produced. The contractual obligations also include that the news organizations upload all content on the portals, allowing AOs to track outputs and monitor activities. However, AOs have differing capacity to adhere to reporting requirements.

- **Client services:** AOs provide, to varying degrees, bilingual services, feedback to applicants, appeal processes, complaint mediation, meetings with rejected applicants, training, and mentorship programs.
- **Communication about LJI:** AOs are required to clearly communicate the program's delivery calendar and key milestones to help ensure that potential applicants plan accordingly and understand processing periods. All AOs promote the LJI but to varying degrees. The unfunded news organizations survey indicated that a large majority of potential clients were aware of the Initiative's funding intent, eligibility criteria and objectives. Some learned about the LJI mostly through AOs and various associations, while others heard by chance and often did not know there were more than one AO.

### **Service delivery by AOs to news organizations is generally positive, with some challenges**

Survey results indicate that most news organizations were satisfied with the application process delivered through AOs for the Initiative. More precisely, most news organizations were satisfied with tracking and reporting (85%), the application process (82%), and payment (80%).

That being said, many news organizations identified challenges including:

- Lack of timeliness in the application process and delays in funding decisions. News organizations noted that funding decisions were often communicated after the beginning of the fiscal year.
- Questions related to the transparency in AO decision-making processes. For example, only one AO made its selection panel known on their website, and feedback to applicants was not consistent.
- The reporting requirements were somewhat burdensome, particularly for smaller news organizations.
- Use of LJI funding for start-ups is not clearly defined. The Initiative is demand-driven and relies on established news organizations and existing infrastructure, causing a barrier for start-ups to access funds. While the contribution agreements state that AOs can fund eligible Canadian media organizations, AOs are uncertain about whether start-ups qualify. This uncertainty may undermine the goal of supporting original civic journalistic content for underserved communities, especially in news deserts.
- Several AOs require content quotas, which could encourage some to overproduce substandard content. For example, it was noted that some journalists simply reproduce press releases. Others commented that quotas are barriers to longer-term investigative journalism.
- There are higher costs for broadcasting and radio related to infrastructure, equipment and

sound and video editing.

Some of the LJI funding criteria made labour recruitment and retention difficult. For example:

- While the LJI has no restriction on multi-year funding for journalists, AOs tend to fund and support journalists only for a period not exceeding one year, creating an important barrier to staffing and retention. The lack of predictability in the timeliness and the amount of funding received through the Initiative complicates the planning effort and recruitment of journalists.
- According to the survey of news organizations and interviewees, it was sometimes difficult to find professional journalist candidates who could meet all the conditions required by the Initiative in underserved communities.
- Many news organizations raised concerns related to the many costs that pose challenges when hiring journalists in news deserts and areas of news poverty. These include moving and accommodation expenses, transportation, editorial oversight, printing, translation, infrastructure and training.
- The LJI salary cap for journalists is also perceived as a barrier by AOs. The funding cannot exceed an average of \$60,000 per journalist annually with up to 5% of this funding allowed for the purchase or lease of equipment that may be required by the journalist.

These challenges with recruitment and retention are even greater in remote communities. To remedy this situation, news organizations attempted to train local citizens in journalism to build journalistic capacity in these remote areas. It is too early to assess the result of these efforts.

Suggestions made by news organizations for improvement included:

- multi-year funding for journalists;
- improve consistency among AOs by establishing common dates for application submissions and standardizing processes;
- emphasizing quality rather than the number of articles published;
- publish selection panels and selected news organizations;
- provide feedback to news organizations that don't receive funding to avoid perception of conflicts of interest; and
- promote AO portals to increase visibility and collaboration.

#### **Other alternative program delivery models exist**

While the analysis of all lines of evidence demonstrated a generally efficient design, the LJI remains a new model that can be improved over time to accommodate changing needs. Moreover, the evidence highlights some criticisms of the Initiative's delivery model, particularly as it pertains to transparency, funding flexibility, including to better address news deserts.

Given the world-wide changes and pressures on journalism, responses to the crisis of local journalism differ from country to country. While the evaluation cannot conclude which model is better, alternative design options exist and offer elements for consideration by the program. Examples of how some jurisdictions and organizations are doing things differently from the Canadian federal government are:

- United Kingdom (UK) - Its initiative, called the Local News Partnership (LNP), is administered by its national public broadcaster, the BBC.
- New Zealand – Similar to the UK model but smaller in scale. It aims to provide resources for journalistic appointments for coverage of local government issues, with the news content being shared with Radio New Zealand and partner news media.
- United States - The Report for America initiative has shown the important role philanthropy can play in rescuing local journalism.
- Australia - Australians have envisioned a legislative framework that forces the duopoly of Google and Meta to share the digital advertising space. It is this similar model that the Canadian government adopted through the *Online News Act*, and like the American model with a "law on competition and the preservation of journalism" presented to Congress in 2021.

The strength of the Canadian model, in comparison to other models, may reside in the LJI funding journalists and not news organizations, which allows for maximum content production and preserves the independence of the press.

#### **Delivery of COVID-19 funding through the LJI was helpful but created pressures**

Additional funds allotted through the Recovery Fund for Arts, Culture, Heritage, and Sport Sectors had a generally positive impact on AOs and ultimate recipients. These funds provided support in helping news organizations change their processes, moving from editing to online editing, and creating content using new tools such as Zoom or MS Teams for online meetings and collaborations.

However, the COVID-19 funds had to be distributed quickly, creating a significant additional workload on PCH program officers as well as on AOs. The AOs had to provide business plans to PCH to support amendments to the contribution agreements under time constraints. There were delays with receiving supplemental funds that resulted in AOs having to develop new plans under tight timelines. Those AOs with less administrative funding faced greater difficulties.

## **5. Conclusions**

Overall, the results of this evaluation demonstrate that there is an ongoing relevance and good performance of the LJI in its first three years to support the Canadian local journalism ecosystem.

The LJI has been responsive to current and changing needs facing local journalism in Canada, which plays an important role in providing credible news and combatting misinformation and disinformation. It

is helping the industry adapt as local news organizations decline and the digital transition continues to bring changes in consumption habits of Canadians and the preferences of advertisers. The LJI was able to address special needs of the local journalism sector during the pandemic by providing additional funding.

However, there are outstanding challenges that the LJI has not been able to address to a great extent, given priorities and resource constraints, such as recruiting and retaining qualified journalists and ensuring better coverage in news deserts, where there is no journalistic presence. There are opportunities for the LJI to consider funding flexibilities that could better address salary stability for journalists, supports for training, and funding for start-ups. In addition, the program does not currently focus on adaptation to digitalization and further attention on this type of support is warranted.

The LJI is expected to continue to play important roles in supporting local journalism given further advances in digitalization, including artificial intelligence, and shifts in the media environment and legislative landscape.

LJI seems complementary to other federal measures and programs, with its unique focus on local news coverage. Furthermore, it is well aligned with the Government's priority for Canadians to have access to diverse and trustworthy Canadian content in the local news media ecosystem. It also supports priorities related to Indigenous, ethnocultural, and official language minority communities. Given the importance of reconciliation and the number of news deserts in Indigenous communities, there are opportunities to expand these efforts moving forward.

Early results demonstrate that the Initiative is achieving its expected outcomes and is contributing to its longer term expected result of increasing news consumption. It is also reasonable to conclude that the LJI supports better public awareness of local issues and positive changes in local communities. Beyond the short duration of the LJI to date, key obstacles to the achievement of results include some inconsistencies between the AOs, some challenges related to journalistic capacity, and challenges with the creation of content in news deserts. Since LJI is demand driven, allocation across the country varies and maintains gaps in some areas, particularly in news deserts. With some gaps in performance measurement preventing a full assessment of results to date, it will be important to ensure the availability of strong data to support decision-making and reporting on results moving forward.

From a program efficiency point of view, the governance and organizational structure of the LJI is well-designed to be arm's-length from government, leveraging a further distribution funding model that involves PCH funding seven industry AOs, which in turn provide support to news organizations. However, there are questions about the model including what the optimal number of AOs is and whether their composition addresses all key challenges and the needs of all underrepresented communities.

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There are also challenges with consistency of AO capacity to implement the Initiative. Specifically, the evaluation highlights some concerns related to the transparency of AO selection processes and funding decisions, the use of multiple portals to share content, acknowledgement of different needs in respective industry segments and compliance with PCH's reporting requirements.

It is also important to recognize the strengths and the limits of the LJI further funding distribution model. Sufficient oversight activities help to address risks associated with the model. While still respecting the arm's-length principle, PCH has an opportunity to promote greater transparency from the AOs in the selection process. This assures a certain level of consistency in practices and improved service to news organizations, as well as better reporting and availability of information for decision-making.

## 6. Recommendations, management response and action plan

Based on the evaluation findings and conclusions, three recommendations are proposed to ensure continued and strengthened relevance and performance moving forward. The recommendations relate to improving support for underserved communities, enhancing the delivery model, and improving PCH monitoring within the context of its contribution agreements and the further distribution funding model.

### Recommendation 1

The evaluation recommends that the Senior Assistant Deputy Minister, Cultural Affairs Sector, should work towards reducing key barriers in the Initiative's reach, including reach and impacts in news deserts and Indigenous communities, and should:

- clarify eligibility of funding for news organization start-ups;
- strengthen the ability of the LJI to support journalist recruitment and retention; and
- increase support for local digital news organizations.

### Management response

The Cultural Affairs Sector accepts this recommendation. The sector will implement this recommendation as outlined below. The implementation approach will be informed through collaboration with the department's Center of Excellence, Treasury Board of Canada Secretariat and other departmental and interdepartmental parties as applicable.

The LJI is designed to support the production of journalism in news deserts and areas of news poverty – regions and communities that either lack a dedicated news outlet or where access to coverage is undermined by a lack of capacity at an existing news outlet. Although the program has been successful in extending coverage to hundreds of these communities, their challenges are not the same. This is particularly true for news deserts and underrepresented groups including Indigenous, ethnocultural, official language minority and 2SLGBTQI+ communities – all of which face unique barriers to news production.

The evaluation report noted three categories of barriers to coverage in underserved communities: 1) non-salary costs, such as training, editorial oversight and transportation, that may be necessary to support coverage in certain communities; 2) types of news organizations that may be well-positioned to develop a journalistic presence in news deserts, such as start-up news organizations; and 3) the level of support for digital news organizations. The sector will engage the program's administrator organizations and explore methods of alleviating these barriers. This may include introducing or expanding funding for certain types of organizations or expenses on a risk management basis as part of a pilot project. As identified in the evaluation report, particular attention will be paid to barriers affecting underrepresented groups.

**Table 10: Recommendation 1 – Action plan**

Action Plan Item	Deliverable	Timeline	Responsible
1.1. Engage administrator organizations to better understand barriers posed by parameters that limit certain expenditures, organization types and digital content creation.	1.1.1. Summary of findings following outreach to administrator organizations.	June 2024	Director, Periodical Publishing Policy and Programs
1.2. Propose parameters under which certain expenses are eligible for support.	1.2.1. Director-approved parameters	August 2024	Manager, Periodical Publishing Policy and Programs
1.3. Propose parameters under which certain types of news organizations (e.g. newer or smaller news organizations) are eligible for support.	1.3.1. Director-approved parameters	August 2024	Manager, Periodical Publishing Policy and Programs
1.4. Explore opportunities to better support digital content creation where aligned with program objectives.	1.4.1. Director-approved approach to supporting digital content creation.	August 2024	Manager, Periodical Publishing Policy and Programs
1.5. If required, update program's Terms and Conditions and resulting program documentation	1.5.1. Director general-approved updated program Terms and Conditions and/or resulting program documentation if applicable	November 2024	Director, Periodical Publishing Policy and Programs
<b>Full implementation date:</b> November 2024			

## Recommendation 2

The evaluation recommends that the Senior Assistant Deputy Minister, Cultural Affairs Sector, should reduce challenges in the LJI delivery model by:

- further examining the composition of AOs; and
- strengthening capacity and consistency of AOs, particularly, related to the transparency in funding decisions and of content on portals.

## Management response

The Cultural Affairs Sector accepts this recommendation. The sector will implement this recommendation as outlined below. The implementation approach considers feasibility and timelines subject to change as determined through collaboration with the department's Center of Excellence, Treasury Board of Canada Secretariat and other departmental and interdepartmental parties as applicable.

The Local Journalism Initiative uses an arm's-length funding model to preserve a clear distance between the Government and funding decisions pertaining to news organizations and journalists. The program's administrator organizations were selected because they have deep industry knowledge and represent most news media in Canada across various segments, including journalism in the written press, radio, community television, official language minority media and ethnic media.

While this approach has enabled the program to be tailored to the distinct realities of the various industry segments, the evaluation report notes that the model of delivery poses challenges in terms of efficiency and consistency. The selection and composition of administrator organizations will be informed by Canadian Heritage's review of Further Distribution of Contribution programs. This will include considerations pertaining to the department's assessment of knowledge, skills and capacity to deliver the program; alignment with core Government of Canada values; an established onboarding process; and ability to implement an accountability framework with transparent decision-making processes and well-articulated expectations of final recipients. Irrespective of possible changes to the administration model, preserving the arm's-length relationship between the Government and news organizations will continue to be prioritized.

In the meantime, the sector will review the model and administration of the program with an eye to ensure that administrator organizations have resources, capacity and processes to deliver the program in a manner that is efficient and consistent. This may include, for example, alignment of application processes and timelines; a streamlined approach to content dissemination; and clarified reporting and transparency obligations put forward in agreements with administrator organizations.

**Table 11: Recommendation 2 – Action plan**

Action Plan Item	Deliverable	Timeline	Responsible
2.1. Examine structure and delivery of program, including selection and composition of administrator organizations, to reduce challenges in the program's delivery model.	2.1.1. DG-approved options for implementation	November 2024	Director, Periodical Publishing Policy and Programs
2.2. Explore opportunities to improve administrator organization transparency and consistency in operations.	2.2.1. Director-approved options for implementation	November 2024	Manager, Local Journalism Initiative
2.3. If required, update program's Terms and Conditions	2.3.1. DG-approved updated program Terms and Conditions, if applicable	March 2025	Director, Periodical Publishing Policy and Programs
	2.3.2. Director-approved updated resulting program documentation, if applicable.		
<b>Full implementation date:</b> March 2025			

### **Recommendation 3**

The evaluation recommends that the Senior Assistant Deputy Minister, Cultural Affairs Sector, should improve PCH accountability in monitoring, oversight and reporting of the LJI, which uses a further distribution model, by ensuring:

- a clearer performance measurement strategy that better reflects the theory of change and information needs; and
- consistent data collection and reporting across all AOs to be in compliance with PCH's reporting requirements.

### **Management response**

The Cultural Affairs Sector accepts this recommendation. The sector will implement this recommendation as outlined below. The implementation approach considers feasibility and timelines subject to change as determined through collaboration with the department's Center of Excellence, Treasury Board of Canada Secretariat and other departmental and interdepartmental parties as applicable.

The Local Journalism Initiative was launched in 2019 to help ensure that residents of underserved communities have access to news and information from diverse, trustworthy sources, irrespective of broader challenges impacting the provision of journalism in Canada. In turn, access to this information helps make citizens more resilient to disinformation and supports both institutional accountability and democratic participation in underserved communities. Since 2019, the Government has introduced a number of measures to support Canadian journalism, including the Journalism Labour Tax credit and the Online News Act. In this context, the sector will develop a clearer performance measurement strategy that reflects the LJI's unique role in the news ecosystem. As part of this process, the sector will work with the program's administrator organizations to streamline data collection and reporting while still ensuring access to relevant data for decision making. During and following the evaluation period, the program developed reporting templates to standardize the collection of results information and held regular roundtables to discuss operational challenges and program parameters. The sector will work with administrator organizations to build on this process, including by reviewing the timing of data collection from final recipients.

**Table 12: Recommendation 3 – Action plan**

Action Plan Item	Deliverable	Timeline	Responsible
3.1. Review and update logic model and performance measurement strategy	3.1.1. Updated DG-approved logic model.	November 2024	Director, Periodical Publishing Policy and Programs
	3.1.2. Updated DG-approved performance measurement framework.		
3.2. Elaborate or update current performance measurement tools to align with the most updated performance framework	3.2.1. Updated annexes to the Contribution Agreement to include robust performance measurement tools.	January 2025	Director, Periodical Publishing Policy and Programs
3.3. If required, update program's Terms and Conditions and/or resulting program documentation.	3.3.1. Updated program Terms and Conditions, if applicable	November 2024	Director, Periodical Publishing Policy and Programs
	3.3.2. Update resulting program documentation, if applicable.	March 2025	
<b>Full implementation date:</b> March 2025			

## Annex A: Evaluation matrix

Relevance – Question 1: To what extent does the Local Journalism Initiative respond to current and emerging needs?

Indicator	Interviews	Document, administrative data, and file review	Survey	Case Studies	Literature Review
1.1 Views, trends, and issues facing local journalists and communities	X	X	X	X	X
1.2. Views, trends, and issues facing the administrator organizations	X	X	X	X	X
1.3. Experiences of recipients and rejected applicants	X	-	X	-	-
1.4 Evidence that the LJI responds to current and changing needs (including, for example, COVID-19)	X	X	-	-	X
1.5 Evidence of comparable and/or complimentary government programs to assess any possible funding overlap	-	X	-	X	X

**Relevance – Question 2: To what extent is the Local Journalism Initiative aligned with and advancing government priorities, roles and responsibilities, including those related to IDEA and reconciliation?**

Indicator	Interviews	Document, administrative data, and file review	Survey	Case Studies	Literature Review
2.1. Evidence that Indigenous, ethno-cultural and OLMCs are represented	X	X	-	X	-
2.2. Evidence of barriers that could affect access to the LJI by diverse communities	X	-	X	X	-
2.3. Evidence that LJI is aligned with the roles, priorities and responsibilities of government and PCH	X	X	-	-	-

Effectiveness – Question 3: To what extent did the Local Journalism Initiative achieve its expected outcomes?

Indicator	Interviews	Document, administrative data, and file review	Survey	Case Studies	Literature Review
3.1. Evidence that the LJI has achieved its intended results in the creation of original local civic journalistic content for underserved communities	X	X	X	X	X
3.2. Evidence that the LJI promotes employment and coverage that reflects Canadian diversity	X	X	X	X	X
3.3. Evidence that the LJI provides support in a manner that preserves the independence of the press	X	X	X	X	X
3.4. Evidence of increased consumption of local news coverage in underserved communities (news deserts and areas of news poverty)	X	-	X	X	X
3.5. Evidence of the usefulness of the logic model and its performance measures for reporting and decision-making	X	X	-	-	-
3.6 Evidence of LJI impact for Canadians	X	-	X	X	X

Efficiency – Question 4: To what extent is the LJI efficiently delivered?

Indicator	Interviews	Document, administrative data, and file review	Survey	Case Studies	Literature Review
Governance and Implementation					
4.1 Evidence that LJI's governance and organizational structure supported its implementation	X	X	-	-	-
4.2. Assessment of governance accountability structures for PCH	X	X	-	X	-
4.3. Evidence demonstrating administrator organizations (AOs) have sufficient capacity	X	-	X	X	-
4.4. Evidence of equitable allocation of funds across the regions of the country	X	X	-	X	-
4.5. Evidence of successes and challenges of the Local Journalism Initiative	X	X	X	X	X
Program Delivery & Client Experience					
4.6. Evidence and perceptions that LJI delivery is efficient, including one-time funds provided during the COVID-19 pandemic.	X	X	-	X	-

Indicator	Interviews	Document, administrative data, and file review	Survey	Case Studies	Literature Review
4.7. Evidence that the ultimate (news media organizations)/final recipients (journalists) are satisfied with the application, payment and other elements of Initiative delivery	X	-	X	X	-
4.8. Assessment of possible barriers experienced by news organizations and journalists	X	-	X	X	X
4.9. Evidence of AO best practices and lessons learned	X	X	-	X	-
4.10 Evidence that service standards are reasonable and have been achieved	-	X	-	-	-
<b>Delivery Model</b>					
4.11. Administrative cost ratio	-	X	-	-	-
4.12. Evidence of Initiative capacity to administer the LJI	X	X	-	-	-
4.13. Evidence that the delivery model is efficient for all segments of the news industry	X	-	-	X	X

Indicator	Interviews	Document, administrative data, and file review	Survey	Case Studies	Literature Review
4.14. Assessment of alternate design models and elements options	X	-	-	-	X
4.15. Evidence of the effectiveness of multiple content portals	X	X	-	-	X
4.16. Demonstration that AOs have monitoring mechanisms in place as stated in the contribution agreements	X	X	-	-	-
4.17. Evidence of effectiveness of funding distribution to AOs	-	X	-	-	-
4.18. Evidence of effectiveness and flexibility of funding criteria (e.g., administrative costs across AOs)	X	X	X	X	X
4.19. Assessment of efficiency of reporting requirements	X	X	-	X	-

## Annex B: Additional tables

**Table B-1 Service standards: Acknowledgment of receipt of application, 2019-20 to 2021-22**

Year	Application volume	Application weeks	% met
2019-20	6	2	100
2020-21 <sup>28</sup>	N/A	N/A	N/A
2021-22	6	2	100

Source: [2021-2022: Service standards results for Canadian Heritage funding programs - Canada.ca](#)

**Table B-2: Service Standards: Funding decision, 2019-20 to 2021-22**

Year	Application volume	Application weeks	% met
2019-20	6	26	100
2020-21	N/A	N/A	N/A
2021-22	6	26	100

Source: [2021-2022: Service standards results for Canadian Heritage funding programs - Canada.ca](#)

**Table B-3: Service standards: Issuance of payment, 2019-20 to 2021-22**

Year	Application volume	Application weeks	% met
2019-20	6	4	67
2020-21	N/A	N/A	N/A
2021-22	6	4	83

Source: [2021-2022: Service standards results for Canadian Heritage funding programs - Canada.ca](#)

<sup>28</sup> N/A - Data for year 2020-21 is not available since a multi-year agreement was signed with AOs in 2019-20.

**Table B-4: Administrative cost ratio including AOs administrative expenditures (\$), 2020-21 to 2021-22**

Resources	2020-21	2021-22	Total
<b>PCH salary, EBP &amp; O&amp;M (A)</b>	487,532	514,474	1,002,006
<b>LJI Gs&amp;Cs expenditures (B)</b>	10,000,000	15,000,000	25,000,000
<b>Total LJI expenditures (C = A+B)</b>	10,487,532	15,514,474	26,002,006
<b>Admin. expenditures of recipient organizations<sup>29</sup></b>			
Réseau.Presse	30,000	50,385	80,385
CACTUS	60,000	118,571	178,571
CRFC	100,074	121,793	221,867
NEPMCC	60,000	105,000	165,000
NMCA	344,834	333,014	677,848
Quebec Community Newspapers Association (QCNA) <sup>30</sup>	30,000	30,000	60,000
<b>Total admin. expenditures of recipient orgs. (D)</b>	624,908	758,763	1,383,671
<b>Total LJI admin. expenditures (E=A+D)</b>	1,112,440	1,273,237	2,385,677
<b>LJI administrative ratio (E/C) (%)</b>	<b>10.6</b>	<b>8.2</b>	<b>9.2</b>

Source: AO's Audited Financial Statements and Departmental Results, Finance

<sup>29</sup> There are other expenditures eligible such as 15% for dissemination of content and 5% for equipment that are not included in this table.

<sup>30</sup> Audited financial statements for QCNA were not available for 2021-2022, thus planned administrative expenditures were used (drawn from the contribution agreement).

**Table B-5: Funding distribution to AOs, 2019-20 to 2021-22**

Administrator Organization	% of Funding from Budget	% of new Funding (COVID-19)	% of Total Budget
News Media Canada	72	24	65
National Ethnic Press and Media Council of Canada	6	18	8
Réseau.Presse (Association de la presse francophone (APF))	3	10	4
Quebec Community Newspapers Association	3	10	4
Canadian Association of CACTUS	6	18	8
Community Radio Fund of Canada	10	20	11
<b>Total</b>	<b>100</b>	<b>100</b>	<b>100</b>

Source: Periodical Publishing Policy and Programs, Cultural Affairs, PCH

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