

## **MEDIA DIVERSITY IN AUSTRALIA**



**Submission by the Media Entertainment and Arts Alliance**

**11 December 2020**

The Media, Entertainment and Arts Alliance (MEAA) welcomes the opportunity to respond to this inquiry into the state of media diversity, independence and reliability in Australia.

MEAA views this inquiry as an important means to creating a more diverse and open media sector, rebuilding trust, and creating a sustainable and ethical sector that benefits all of those involved – consumers, journalists, advertisers, owners.

In preparing for this submission, MEAA surveyed journalists across Australia about the state of media ownership and concentration in Australia. Approximately 350 responses were received.

Twenty-seven per cent of respondents rated concerns about Australian media concentration highest among a menu of sectoral issues, followed by funding for public broadcasting (20%), the state of local, regional and rural media and public trust in responsible journalism (both 13%).

More than 92% of respondents agreed or strongly agreed with the statement that Australia's media ownership is too highly concentrated; 94% agreed or strongly also agreed that this was bad for democracy.

There was strong support (80%) for government action to financially support small, independent, community and regional media outlets.

Support for increased funding for the ABC and SBS enjoyed even greater support, at almost 90%.

Informed by the survey and past submissions to parliamentary media industry inquiries, MEAA calls for the following:

- Amend competition and other laws to prevent mergers that lead to more harmful levels of media concentration.
- The Australian Government must urgently progress the Mandatory News Media Bargaining Code and extend the operation of the Public Interest News Gathering program<sup>1</sup>.
- The Australian Government should review and adapt critical measures recommended in the United Kingdom and Canada such as: directly funding local news; offering taxation rebates and incentives; and part-funding editorial positions.
- Government assistance should be reset to ensure funding is available for *new* media organisations, as well as traditional media companies.
- Public Broadcasters must be funded in a way that acknowledges the need to provide comprehensive, high-quality cross-platform media content in all parts of Australia.
- AAP's future should be sustained through regular, annual relief grants.
- Regulation of media content should be strengthened and overseen by a single entity.

### **The state of the industry**

2020 has seen the best and the worst of Australia's media.

Australians have relied on journalists and news outlets this year in a way that hasn't been experienced in many years.

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<sup>1</sup> MEAA notes that expansion of the PING program is canvassed in the Government's November 2020 Media Reform Green Paper.

The devastating bushfires were just the start, where timely information literally saved lives and thoughtful follow up reporting provided much needed context for how our communities and governments respond to extreme events and climate change.

The deadly pandemic has underscored Australians' thirst for quality information, nuanced reporting and sensible debate. Responsible media outlets have informed, educated, even comforted Australians during this time.

It has shown public interest reporting at its finest.

Despite the huge audiences this year as reported by almost all media outlets<sup>2</sup>, commercial media have not been able to capitalise on the demand.

IbisWorld's 2019-20 analysis of the newspaper publishing industry said that industry 'revenue is anticipated to fall by 15.6% in 2019-20 as poor economic conditions caused by the COVID-19 outbreak accelerate the decline in advertising revenue'.<sup>3</sup>

So we have this paradox that while the media has never been more important, it has become less commercially sustainable. This paradox is nothing new. Notwithstanding COVID-19's impact on media advertising income, Australian news media consumption has been steadily growing while its economic underpinnings have been crumbling for a decade or more.

The combination of avaricious digital platforms, ever hungry for unpaid news content and the (related) disappearance of advertising 'rivers of gold' that sustained commercial media outlets led to the elimination of between 4000 and 5000 editorial positions in the past decade – 1000 of these in 2020 alone.

The loss of these journalists, sub-editors, photographers and other positions - and in many cases the mastheads that once employed them – means fewer outlets are covering matters of public interest and significance. In our view this has led to a dangerous fall in media diversity.

The impact has been particularly felt in rural, regional and suburban communities.

Data collected by the Australian Competition and Consumer Commission (ACCC) show that between 2008 and 2018, 106 local and regional newspaper titles closed across Australia – a net 15% decrease. These closures meant 21 local government areas were without coverage from a single local newspaper, including 16 local government areas in regional Australia.

The situation has worsened since that time, with [The Australian Newsroom Mapping Project](#), reporting 137 newsroom (spanning newspapers and broadcast media) 'contractions' between January 2019 and November 2020.<sup>4</sup>

Across major metropolitan and national daily titles, the ACCC's quantitative assessment of print articles published by the three largest Australian news publisher groups indicated a significant reduction in key areas of public interest journalism, which performs a critical role in the effective functioning of democracy at all levels of government and society.

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<sup>2</sup> See *emma* data and *Nielsen* monthly digital news tabulations.

<sup>3</sup> *Newspaper Publishing in Australia, Breaking the news: Advertising revenue significantly falls due to the COVID-19 outbreak*, William Chapman, IbisWorld, July 2020, page 9

<sup>4</sup> See: <https://piji.com.au/research/the-australian-newsroom-mapping-project/>

In particular, the ACCC's research pointed to a significant fall in the number of articles published covering local government, local court, health and science issues during the past 15 years – in both the absolute number of articles published in these specialty areas and the percentage of total articles published in these categories.

The federal government has acted to sustain commercial media operations in the last five years by removing the two-out-of-three media ownership rule and dismantling the spectrum fee system for commercial broadcasters.<sup>5</sup>

These two measures have simply served to entrench (and probably worsen) unacceptably high levels of media concentration in Australia.

### **Diversity in Australian News Media**

Prior to these reforms, Australia had, by any measure, one of the least diverse media sectors in the world.

In the 2016 study, *Who Owns the World's Media?*, Australia was found to have the third most concentrated newspaper industry of the 30 countries surveyed, behind China and Egypt.<sup>6</sup> Among liberal democracies, Australia ranked first.

In terms of the content media industry (taking into account all major news content sources, such as newspapers, broadcast television, magazines and radio), Australia ranked tenth.<sup>7</sup> When determining media concentration by the number of 'voices', Australia placed fifth.

Australia's high levels of news media concentration look set in stone. The four major newspaper companies have routinely accounted for 85 to 90 per cent of industry revenues over the past five years.<sup>8</sup> The four largest television companies consumed over 70% of all industry revenues, while radio's four largest companies pull in two-thirds of all industry income.

As one respondent to MEAA's survey remarked:

*"Despite great hopes that the internet would see a democratisation of the media and a diversity of media voices, the opposite has happened. We are seeing mergers, partnerships and consolidations that all amount to fewer voices, not more. Small, independent players have no hope."*

The lack of diversity in the media denies consumers real choice for quality news, it limits the job opportunities for journalists, it reduces competition for advertisers and it gives inordinate power to a few entities to influence government, business and societal decisions.

### **Integrity issues**

The power of the few is not always wielded in a responsible or ethical way. In some instances it has led to a rise in news coverage where the veracity of content is often untested and where 'balance' in news reporting can equate to the publication of meritless or misleading arguments.

Hyper-partisanship across the whole spectrum of the media industry is becoming increasingly common.

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<sup>5</sup> MEAA also acknowledges the development of the Mandatory News Media Bargaining Code.

<sup>6</sup> Cited in: *Australia's newspaper ownership is among the most concentrated in the world*, Nick Evershed, *The Guardian*, 13 November 2020

<sup>7</sup> *ibid*

<sup>8</sup> See IbisWorld's annual newspaper publishing industry reports, 2016 to 2020

When there are too few media voices, outlier and extreme views can be amplified and given greater credence than in a healthy, diverse media landscape.

As IPSOS found in its 2019 *Trust in Media* global survey, Australians' trust in traditional and digital media has declined over the past five years, largely because of the prevalence of fake news and doubts about media outlets' intentions. The study found that:

*In Australia over the past five years, trust in newspapers and magazines has had a net decline of 14%. ... Trust in TV and radio had a net decline in trust of 13%, while trust in online news websites and platforms had a net decline in trust of 9%.<sup>9</sup>*

Similarly, the University of Canberra's News and Media Research Centre's renowned *Digital News Report* stated that general trust in news fell by 6% from a high of 50% in 2018 to 44% in 2019.<sup>10</sup> The report also found that trust in news discovered on social media and search engines is lower than general trust in news. Only 18% of news consumers say they trust news on social media and 32% say they trust news found via search engines.<sup>11</sup>

Notwithstanding social media's chronic reliability issues, MEAA submits that there is a correlation between high levels of media concentration and trust in media. The few established media companies that operate in Australia have benefitted from what can only be portrayed as 'light touch' content regulation.

In a truly plural media environment, the capacity of one voice to steer public opinion in a particular way is limited. In Australia, getting one powerful voice offside can have damaging consequences.

Where too few voices dominate the media landscape, journalists have reduced job options and might be forced to stay at an outlet because of a lack of opportunities. In order to keep their jobs, some inevitably feel pressured to abide by editorial preferences they might not be comfortable with or which run contrary to the MEAA Journalist Code of Ethics.

About 30% of respondents to MEAA's survey said they had sometimes felt the need to edit or self-censor an article because of the commercial or editorial expectations of their outlet's publisher/owner.

One long-time journalist reported to MEAA that they had been:

*[T]old to write stories about government policies or political campaigns that would benefit the owner of my company, even though they didn't seem like stories that would interest our readers.*

*I was told to drop other work and prioritise stories on this topic.*

*It felt impossible to say no. Despite protesting, and talking to my immediate managers about how uncomfortable I was, there was no way I could avoid writing these stories and still retain my job.*

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<sup>9</sup> See: <https://www.ipsos.com/en-au/australians-trust-media-less-ipsos-trust-media-study>

<sup>10</sup> *Digital News Report: Australia*, News and Media Research Centre, University of Canberra, 2019, page 74

<sup>11</sup> *Ibid*, page 75

*It could be easy to say if I felt strongly about my convictions I should have just quit. But with the industry teetering, even before the pandemic, that wasn't a road I could take.*

### **Media Content Regulation**

MEAA members are bound by the Journalist Code of Ethics. First established in 1944, the Code's preamble says:

*Respect for truth and the public's right to information are fundamental principles of journalism. Journalists search, disclose, record, question, entertain, comment and remember. They inform citizens and animate democracy. They scrutinise power, but also exercise it, and should be responsible and accountable.*

*MEAA members engaged in journalism commit themselves to:*

*Honesty  
Fairness  
Independence  
Respect for the rights of others*

*Journalists will educate themselves about ethics and apply the following standards:*

The first principle implores journalists to:

*Report and interpret honestly, striving for accuracy, fairness and disclosure of all essential facts. Do not suppress relevant available facts, or give distorting emphasis. Do your utmost to give a fair opportunity for reply.*

The fourth principle states:

*Do not allow personal interest, or any belief, commitment, payment, gift or benefit, to undermine your accuracy, fairness or independence.*

The Code of Ethics, while influential, binds MEAA members only. This means MEAA's Ethics Committee is limited in its ability to enforce the Code to ensure high standards across the industry. Non-members are not subject to the committee's rulings and can be seen to 'get away' with ethical breaches.

Understandably this leads to frustration from consumers who feel hopeless to do anything about what they see as unethical reporting.

That also degrades trust.

The Code of Ethics is one of approximately 14 forms of statutory and self-regulation of journalistic content in Australia.

Almost all publishers and broadcasters have their own codes of conduct, largely introduced from the 1990s onwards. They are almost all based on MEAA's Code of Ethics, which was the first such code in the country and was established against fierce opposition from media owners.

As the Centre for Media Transition observed in 2018:

*In the broadcast environment, there are eight separate sets of rules as each type of broadcasting service has its own code of practice, as does each of the national broadcasters. For print and online news and comment, most large publishers and some smaller publishers are members of the Australian Press Council (APC) and therefore subject to its two statements of principles (together the equivalent of a broadcast code of practice). The exception is Seven West Media, which established the Independent Media Council (IMC) with its own standards and complaints scheme.<sup>12</sup>*

We agree with the Centre's comment that 'this disjointed approach to one aspect of quality is unlikely to inspire confidence or boost the credibility of news providers'.<sup>13</sup>

Of the main content regulators, the Australian Press Council and ACMA, 68% of MEAA survey respondents did not believe these bodies were adequately fulfilling their role in this regard.

As one MEAA member said through MEAA's survey:

*Editors and bureau chiefs need to play a greater part in creating a culture that enforces the media code. Too often journalists are asked to cover stories that contravene the code and are penalised or ridiculed if they refuse to do so. But editors are also under market pressure, aware of proprietors/govt expectations or selected because of their preparedness to flout the code. There is also a disconnect between apparent public expectations – what the public thinks is fair and “decent” behaviour by journos – and what the public will buy/wants to read. However, there is no real enforcement of the code – APC and ACMA need a stronger role and powers here, focusing on editors and proprietors as well as journos.*

MEAA submits that the concept of policing fair and truthful reporting must be reviewed. A new regime is needed to address falling levels of public trust in standards of reporting.

The current system of diffuse and usually toothless complaints arbiters must be replaced. These regulatory bodies – created in the age of thriving print and localised outlets – are no longer fit purpose in the digital, global age. Moreover, they lack public respect and trust. And they do little to deter bad journalistic behaviour.

We need to simplify, strengthen and enforce regulation. This inquiry should initiate a national discussion about what form this should take.

MEAA advocates a harmonised approach for media regulation across platforms. There is a need for consistency in determining complaints about substantial bias and misrepresentation in reporting across all credible media outlets.

Serving the public interest – which is the cornerstone of the media's role in democracy – must return to the forefront of media policy and practice in Australia. The creation of a serious, platform neutral and specialist body to field and judge complaints is critical to the public interest.

### **Remedies to Lack of Media Diversity**

MEAA has advocated a range of initiatives to address Australia's lack of media diversity in past parliamentary journalism-related inquiries. In 2020, the most notable support mechanism for the traditional 'press' sector is the Public Interest News Gathering Program (PING).<sup>14</sup>

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<sup>12</sup> *The Impact of Digital Platforms on News and Journalistic Content*, Centre for Media Transition, Wilding, D., Fray, P., Molitorisz, S. & McKewon, E. 2018, University of Technology Sydney, NSW, 2018, page 87

<sup>13</sup> *Ibid*, page 96

PING is a \$50 million effort to support public interest journalism delivered by commercial television, newspaper, and radio businesses in regional Australia. The Government has stated that PING implements the ACCC'S recommendation in the Digital Platforms Inquiry to enhance the former Regional Jobs and Innovation industry support mechanisms to better support high quality news, particularly in regional and remote Australia.

This is not so. PING is a one-year program, whereas the ACCC called for a three year program of assistance to support original local and regional journalism at \$50 million per annum.<sup>15</sup>

In contrast, the Australian commercial broadcast media sector has secured approximately \$1 billion in licence fee relief and a progressive relaxation of regulatory requirements<sup>16</sup> over the past decade. In comparison, the relief provided to the newspaper sector would barely be 10% of this amount over the same period.

As the Australian news sector becomes ever more concentrated, the time has surely arrived for the Government to step in and preserve the news media in a sustainable and reliable fashion.

MEAA submits that the time where Government assistance was wearily looked upon as potential source of quasi-media control has passed; these sensitivities can be well managed through appropriate procedures to ensure the independence of decision-making. Industry assistance is provided in a wealth of policy areas without incident. The Australian news media sector should be no different.

Beyond media ownership and competition law reform (discussed below), MEAA proposes that the Inquiry supports the urgent implementation of two key measures that have been well-canvassed by the ACCC.

The first is the enforcement of the Mandatory News Media Bargaining Code. If effective, the Code will see the flow of meaningful funds from Google and Facebook to media organisations. MEAA places two caveats on this scheme:

- (i) that income generated under the arrangements between the digital platforms and news media providers must be used to sustain journalistic positions and the generation of content. These funds should not be permitted to wash through an organisation and used for non-journalistic purposes; and
- (ii) that dedicated funds must be made available to address the critical state of regional/local news production

The PING initiative must also be extended at least two years, in line with the ACCC'S recommendation. In the face of seemingly ceaseless workforce cuts and revenue challenges, a single year program cannot reverse this critical sector'S fortunes. As with the mandatory news code, PING funding must directed to maintaining journalist (and allied) positions. What is needed in the media sector is more boots on the ground to cover public journalism, not subsidies to fund more redundancies, shareholder returns or executive pay.<sup>17</sup>

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<sup>14</sup> PING appears to have subsumed and succeeded the Regional and Small Publishers Innovation Fund.

<sup>15</sup> See ACCC DPI recommendation 10, *Grants for Local Journalism*.

<sup>16</sup> For example: the abolition of the two-out-of-three ownership rule and reach rule and the reduction in Australian content requirements.

<sup>17</sup> As has been the case at several media outlets that received government financial support in 2020.

Fresh consideration must also be given to tax relief measures endorsed by the ACCC in its Digital Platforms report.<sup>18</sup> Tax relief measures are increasingly commonplace in a range of nations; they should not be spurned in Australia.

Critically, a considerable shift is also required to ensure that support measures are not the preserve of existing media companies only. To genuinely address the present media ownership dilemma, new entrants must be encouraged to start-up and stay in business. (The past five years has seen several new titles come and go, including those that did not physically print newspapers and therefore had lower production costs).<sup>19</sup>

### **International News Media Support Measures**

It has become very clear that the news media ecosystem is, with few exceptions, either in or approaching a state of market failure in most developed economies. This worldwide trend has seen a plethora of inquiries and recommendations on how best to arrest and reverse the decline of reliable sources of news.

Of course, most international analyses have examined the impact of digital platforms on the viability of the news media. Without exception, major players like Google and Facebook have drawn very substantial advertising revenues away from commercial media outlets (print, online and broadcast).

Beyond meaningfully addressing the need to ensure digital platforms pay for the news content they carry, there are a range of discrete measures that can be adopted in Australia to maintain the viability of media company operations and, critically, encourage new entrants. It is only by seeking out new and alternative solutions that Australia's well-entrenched lack of media diversity will be addressed.

A general scan of the actions being contemplated (or implemented) in Britain and Canada should enable this Inquiry to identify three facts:

- The news ecosystem is enduring an ongoing, if not escalating, crisis in almost all developed economic and democracies;
- Levels of media concentration are climbing in these countries as Governments seek to support existing structures and organisations ahead of creating opportunities for new entrants; and
- Forms of indirect and direct Government support are necessary to arrest the decline and lack of diversity in the provision of news content, especially in the areas of public interest and local news.

### *Cairncross Review*

In the United Kingdom, the Cairncross Review<sup>20</sup> delivered its final report in February 2019. The review noted a range of structural adjustments in the news media sector that have largely been replicated in Australia: circulation of newspapers halving in the decade to 2017, the collapse (70% reduction) in advertising revenues, an ageing newspaper (especially print) readership, and the escalating decline of the regional news sector.

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<sup>18</sup> ACCC Recommendation 11 urged new tax settings to encourage philanthropic support for journalism. The Federal Government rejected this in December 2019; it stated that it wanted to focus on implementing previous DGR reforms before considering any further eligibility changes.

<sup>19</sup> Examples are BuzzFeed and Huffpost.

<sup>20</sup> *The Cairncross Review: A Sustainable Future for Journalism*, 12 February 2019. The review was led by Dame Frances Cairncross, a former economics journalist for *The Guardian* and senior editor at *The Economist*.

The report of the Cairncross Review adopted some overarching principles that are worthy of consideration in the Australian context:

- *investigative journalism and democracy reporting are the areas of journalism most worthy and most under threat.*
- *Although news can be found on television and radio, written journalism (whether in print or online) supplies the largest quantity of original journalism and is most at risk.*
- *The cost of investigative journalism is great and rarely seems to pay for itself.*
- *The reduction in public interest reporting seems to reduce community engagement with local democracy (such as voter turnout) and the accountability of local institutions.*

From these (and other) reference points, the review strongly supported new funding for media innovation and local public interest news (eventually to be managed by a new Institute for Public Interest News), together with new forms of tax relief. Four recommendations are notable in the context of this Inquiry:

***Innovation funding:*** *The government should launch a new fund focussed on innovations aimed at improving the supply of public-interest news, to be run by Nesta in the first instance, and in due course by the proposed Institute for Public Interest News.*

***New forms of tax relief:*** *The government should introduce new tax reliefs aimed at (i) improving how the online news market works and (ii) ensuring an adequate supply of public interest journalism.*

***Direct funding for local public interest news:*** *The Local Democracy Reporting Service should be evaluated and expanded, and responsibility for its management passed to, or shared with, the proposed Institute for Public Interest News.*

***Establish an Institute for Public Interest News:*** *A dedicated body could amplify existing and future efforts to ensure the sustainability of public-interest news, working in partnership with news publishers and the online platforms as well as bodies such as Nesta, Ofcom, the BBC and academic institutions.*

Cairncross concluded that Government has a role in helping publishers adapt to the online world, by encouraging the development and distribution of new technologies and business models. The review observed that while Government assistance should help all forms of high-quality journalism, support for public-interest news providers is particularly urgent and justified. In the immediate future, the review asserted that the British Government 'should look to plug the local gap to ensure the continued supply of local democracy reporting'.<sup>21</sup>

We strongly urge the Inquiry to examine the report of the Cairncross review and adapt its findings (as appropriate) to the Australian context.

#### *Canada*

The state of the commercial media in Canada is also similar to that of Britain and Australia. As Foster and Bunting noted in a report for the ACCC on public funding for quality journalism, Canada's newspapers 'are facing severe financial difficulties, commercial TV continues to face competition from US content, and public service media have often struggled to win the case for sustained public funding'.<sup>22</sup>

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<sup>21</sup> Cairncross Review Report, page 7

<sup>22</sup> *Public Funding of high-quality journalism – A report for the ACCC*, Foster, R. and Bunting, M., 10 April 2019, page 33

While Canada's media diversity situation is better than Australia's, there are strong similarities. In Canada, three main groups (Postmedia, Transcontinental and Torstar) owned close to 66% of all daily newspapers and 35% of all community newspapers in Canada.<sup>23</sup>

In the broadcasting sector, five broadcasting and telecommunications groups/entities (Bell Canada, Quebecor, Rogers, TELUS and Shaw) received 'approximately 82% of total industry revenues' in the Canadian communication industry (in 2015).<sup>24</sup>

Canada, as in Australia, has seen a range of actions promoted and, in part, adopted following the landmark *Shattered Mirrors* report<sup>25</sup> and subsequent Government inquiries.<sup>26</sup>

Canada has paid special attention to expanding the Canada Periodical Fund (CPF), which was established in 2009 to provide direct financial support for projects advanced by print magazines, non-daily community newspapers and digital periodicals.<sup>27</sup>

The lion's share of the (until recently, \$80 million per year<sup>28</sup>) funding is devoted to the Aid to Publishers funding stream<sup>29</sup>, which funds content creation, distribution, online and business development.<sup>30</sup> The fund supports about 800 titles each year, with community newspapers receiving about 25% of the total funding.<sup>31</sup>

Perhaps unsurprisingly, the CPF's role has increased in importance as time has passed. This led the Standing Committee on Canadian Heritage to urge the expansion of the Canadian Periodical Fund by increasing the Fund's budget, broadening eligibility criteria, supporting tax reforms and encouraging the production of Indigenous, ethnic and official language minority print media.<sup>32</sup>

The Committee also recommended that start-up funding be provided for new digital media companies.<sup>33</sup> With respect to media diversity, it recommended that there be a new section in the Canadian *Competition Act* to deal specifically with news media mergers, which would require a panel of experts in media to conduct a 'diversity of voices' test to ensure there is no dominance in any media market.<sup>34</sup>

Following the Standing Committee's Inquiry and report, the 2018 Canadian Budget provided \$50 million in direct funding over five years to support local journalism in under-served communities.<sup>35</sup>

Over the course of 2019 and 2020, the Canadian Government moved to supercharge its support for quality media. In 2019, the Government announced three programmes:

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<sup>23</sup> *ibid*, page 53

<sup>24</sup> *ibid*, page 53

<sup>25</sup> From Canada's Public Policy Forum, The *Shattered Mirrors* report advocated, *inter alia*, for a \$100 million per annum 'Future of Journalism and Democracy Fund'.

<sup>26</sup> *Disruption: Change and Churning in Canada's Media Landscape*, report of the Standing Committee on Canadian Heritage, June 2017 <http://www.ourcommons.ca/DocumentViewer/en/42-1/CHPC/report-6>

<sup>27</sup> Foster and Bunting, *op cit.*, page 35

<sup>28</sup> All references to Canadian initiatives are in Canadian dollars.

<sup>29</sup> The other streams are Business Innovation and Collective Initiatives.

<sup>30</sup> Foster and Bunting, *op cit.*, page 35

<sup>31</sup> *ibid*, page 35

<sup>32</sup> Canadian Standing Committee on Canadian Heritage, *op. cit.*, recommendation 7, page 40.

<sup>33</sup> *ibid*, page 69

<sup>34</sup> *ibid*, page 58

<sup>35</sup> Foster and Bunting, *op cit.*, page 37. (This funding appears to be directed at independent producers of journalistic content. Content is required to be open-source.)

- *Refundable labour tax benefit – valued at \$360 million over five years*
- *A non-refundable digital news subscription tax credit – \$138 million over five years*
- *Permitting not-for-profit news organisations to qualify for charitable donations - \$96 million over five years*

This \$600 million five year program, characterised as *Special Measures for Journalism*, is devoted to domestic news entities producing original news.<sup>36</sup>

The key feature of the special measures is the labour tax benefit. It supports 25% of the labour costs of eligible newsroom employee<sup>37</sup> of a qualifying media organisation. Up to \$13,750 is available per eligible newsroom employee per tax year.

The two other tax-related reforms will allow not-for-profit news organisations to apply for charitable status, allowing them to receive donations and issue tax receipts to donors, and permit Canadians to claim a 15% tax credit for a maximum of \$75 per year for subscriptions purchased from January 2020 onwards.<sup>38</sup>

#### *News Wire Services*

As the Inquiry's members will be aware, Australian Associated Press (AAP) has faced ongoing challenges to its survival. AAP is a critical and highly credible source of news and images – especially breaking news – for the Australian public. AAP has also played an essential role training hundreds of journalist cadets over many years.

This historic company has resorted to crowdfunding in order to maintain (reduced) operations. It is a demeaning situation, borne not only of the revenue crises discussed elsewhere in this submission, but by competitors manoeuvring to shut the organisation out of the commercial news ecosystem.

Notwithstanding the Government's welcome \$5 million injection of funds to aid continuing work levels, an organisation as vital as AAP cannot be permitted to wither and close. Without the company, the Australian news media will become even more concentrated and the public denied an important source of alternative and objective news.

Almost 80% of respondents to MEAA's journalist survey supported ongoing government funding for a national newswire service, while 7% opposed government intervention.

To enable AAP to maintain operations, durable government assistance must be forthcoming (beyond the existing \$5 million grant.) This assistance can be drawn from federal or State administrations. (States and territories, for example, could help support wire service coverage of courts and/or local government – areas that have been heavily cut back in the past five to ten years.)

MEAA notes with interest the foundational role of the French Government in sustaining Agence France Presse (AFP), the third-largest wire service in the world.

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<sup>36</sup> To be eligible for funding, companies are required to meet a range of requirements, including: majority ownership and control by Canadians; have their principal place of business in Canada; be edited, designed, assembled and published in Canada; contain minimum levels of Canadian editorial content; and contain a majority of original content.

<sup>37</sup> An eligible employee is one who, inter alia, works, on average, a minimum of 26 hours per week; and spends at least 75% of their time engaged in the production of news content, including researching, collecting information, verifying facts, photographing, writing, editing, designing and otherwise preparing content.

<sup>38</sup> 'Canada's \$600 million 'media bailout': A guide to federal tax breaks for the news industry', Nicole Bogart, CTVNews, 10 September 2019

AFP is operated as a commercial business owned by Government but (strongly) independent of it.<sup>39</sup> The AFP also has a council charged with ensuring that the agency operates according to its statutes, which mandate absolute independence and neutrality. Editorially, AFP is governed by a network of senior journalists.

Approximately 40% of its overall expenses are met by the French Government, at a cost of approximately €100m a year.

MEAA is of course alive to concerns about the proximity of Government to any news producing organisation; we nonetheless believe that appropriate independence measures can be crafted to cure any such concerns. Accordingly, we strongly support the provision of dedicated funds to AAP to ensure that its services are continued.

### **Public Broadcasters**

In addition to the programs of assistance outlined in this submission, it must also be made clear that Australia's public broadcasters (now envisaged as being parties to the looming mandatory news media bargaining code) require stable funding that enables them to develop services across platforms to serve the public need.

MEAA is aware of ongoing campaigns against our public broadcasters. One of the more perverse aspects to these campaigns has been the notion that public-funded broadcasters should confine their operations to areas that commercial media do not resource. The specious argument that the ABC and SBS ought to be residual providers of news (and other) content commercial providers don't want to invest in is a product of the dwindling economics of broadcast media and an insult to the public media professionals and the audiences they serve.

Our public broadcasters must be funded in a manner that enables achievement of their charter obligations and to provide high quality, fact-driven comprehensive news content across platforms.

As levels of commercial media concentration grow, the body politic must embrace the fact that our public broadcasters are invaluable public resources and should be funded accordingly.

### **Conclusion**

There is a pressing need for change in Australia's media sector. The calamitous events of the last year alone show the value of independent, public interest-focussed journalism.

Current conditions undermine the public's need for factual, reliable, timely information – particularly Australians in regional and rural areas where media outlets are thin on the ground, if they exist at all.

Concentration of ownership, market failures and the grinding down of public broadcasters have combined to put our media sector in an extremely perilous place at a time when quality, reliable content is needed more than ever.

We urge all levels of government to take heed of the alarm bells that are ringing loudly right now and take steps – as outlined above – to address the crisis in the media sector. A strong media sector means a strong democracy which serves all Australians.

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<sup>39</sup> The French Government has three seats on the agency's 18 member board.