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STANDING COMMITTEE ON COMMUNICATIONS AND THE ARTS

Australia's regional newspapers

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BY AUTHORITY OF THE HOUSE OF REPRESENTATIVES

STANDING COMMITTEE ON COMMUNICATIONS AND THE ARTS

Monday, 28 February 2022

Members in attendance: Dr Allen [by video link], Ms Bell [by audio link], Mr Gorman [by video link], Ms McBride [by audio link], Dr Webster.

Terms of Reference for the Inquiry:

The Committee will inquire into the provision of newspapers (print and digital) in regional and remote Australia.

The Committee will consider:

- The impact of decisions in a number of markets in regional and remote Australia by large publishers such as News Corp and Australian Community Media to suspend publication of print editions
- The extent to which there has been entry into these or other markets by new operators, particularly small businesses
- The impact of the News Media Bargaining Code for regional and remote newspapers
- The degree to which there has been economic recovery in regional and remote markets from the impacts of COVID, and whether this has led to advertising revenue improving

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CHAIR (Dr Webster): I declare open this public hearing of the Standing Committee on Communications and the Arts for the inquiry into regional newspapers. I acknowledge the traditional custodians of the land on which we meet and pay respect to their elders, past and present, and all of Australia's Indigenous peoples. I also acknowledge the cultures of any Aboriginal and Torres Strait Islander people present with us today or listening.

In accordance with the committee's resolution of 24 July 2019, this hearing will be broadcast on the parliament's website, and the proof and official transcripts of proceedings will be published on the parliament's website. Those present here today are advised that filming and recording are permitted during the hearing. I remind members of the media who may be present or listening on the web of the need to fairly and accurately report the proceedings of the committee.

I now call on the representative from Australian Community Media, Mr Anthony Kendall, to give a brief opening statement.

Mr Kendall: Australian Community Media are Australia's largest independent regional media company, with a focus on print journalism, particularly. We have over 1,300 people employed around the country and 600 journalists, who produce some 7,000 pieces of content every week, covering regional communities from Katherine to Mandurah to Port Lincoln, down through Launceston and Burnie, up through Warrnambool, Ballarat, Bendigo, Albury-Wodonga, Wagga and cities like Canberra, Newcastle, Illawarra, all the way up into the lower south areas of Brisbane, around Jimboomba and the like. We've made a submission—

CHAIR: Sorry, Mr Kendall. I might just interrupt you. I haven't gone through everything I need to say. It was my error. I gave you a false start. Although the committee does not require you to give evidence under oath, I should advise you that this hearing is a legal proceeding of the parliament and therefore has the same standing as proceedings of the respective houses. The giving of false or misleading evidence is a serious matter and may be regarded as a contempt of parliament. The evidence given today will be recorded by Hansard and attracts parliamentary privilege. I now invite you to continue with your brief opening statement.

Mr Kendall: Thank you. We've obviously faced significant challenges as a medium and have faced those challenges for the last five years as revenues have continued to migrate to digital platforms, whether that's Google or Facebook or, probably more importantly for us, Seek, Carsales, realestate.com.au and Domain, which have decimated our classified revenues. During that time, though, we've maintained our editorial standards and continued to serve the communities around the country with the great local news and content that we know is vital to the health of those communities. We are, however—and I thank the committee for having this focus—facing some serious challenges as a medium, and we would like to take you through some recommendations during the course of, or post, the questions that you might ask today for how we think that the government can assist regional media to remain vibrant.

CHAIR: I think it would be helpful if you could go through those recommendations now. I'm particularly interested in No. 3, but I think that it would be good to hear those from you.

Mr Kendall: The first recommendation that we have is in and around the media ownership laws. These media ownership laws date back to 1992, before the advent of smartphones, digital platforms, international media companies et cetera. That voices test that currently exists within that legislation means that a company like ours cannot own another medium, or another voice, in a market. This was quite stark when we took a stake in Prime early last year. That stake in Prime was deemed to give us control, and that would have meant we would have had to sell the Wagga and Bendigo titles. We've since sold that stake in Prime, so we're no longer obliged by that, but it's fair to say that these rules are biased in the extreme, in that they were changed in 2017 for Metro Media. So they've allowed Channel 9 to own radio, print, television and digital assets in markets, whereas, in regional markets, that's not the case. Again, our recommendation here is, potentially, not for legislative change but even just for ACMA to be given the broad discretionary powers that the ACCC has to make judgements on the suitability of voices and the suitability of the voices tests in regional markets.

The second recommendation is in and around a tax rebate for small businesses advertising in regional newspapers. Obviously, tax deductions are part of it, but we would be recommending a tax rebate and we would think this would float all boats in terms of giving opportunity for small businesses in regional areas to promote their wares and promote their businesses, at the same time as supporting the regional media and the content that surrounds that. This could be even more targeted, potentially, if that was deemed to be too broad, for tourism and hospitality, and we know we need to get that sector back on its feet around the country. So, to encourage small

businesses, as an added incentive, to have a full rebate of advertising spend in regional papers would go a long way towards helping the future of regional journalism.

The third recommendation which you've called out is in and around the newsprint price increases. We don't want grants. Having said that, PING saved our business during the course of the pandemic, along with JobKeeper. Rather than PING 2.0, we would be suggesting that there be tax concessions for the provision of newsprint. By way of background, the current newsprint prices, which are a large percentage of our cost base, are due to go up by 25 to 35 per cent from July this year. Some of those prices have gone up north of 30 per cent already. There is huge international pressure and demand on newsprint prices, and it's fair to say that those newsprint price will undoubtedly push a lot of our marginal publications to the wall. I suggest that, for smaller regional publishers, it will sound the death knell for printed publications in many areas if this is not addressed with some urgency.

The fourth recommendation that we've put forward is in and around federal government advertising spend. This is something that we think is not easy certainly, but, if applied yes, would have a material impact on our business. So, in some states like Victoria, they've mandated that 30 per cent of their spend must go to regional media. Within that, they also have a provision that one full page a week must go to regional press. If we look at the fact that 36 per cent of the population is now living in regional Australia and that that number is predicted to go to 40 per cent on the back of the pandemic, most of the media spend from the federal government is still directed towards metropolitan areas, and certainly, within the members' budgets, the spend that's going to digital players and the social footprints is huge.

One of the issues that we as a business is decisions—and many others like us—face is decisions like those that the New South Wales government made during 2020 to remove the need for public notices to be advertised in print so that they could be, effectively, buried on council websites. This affected our business to the tune of some \$2 million, but also, more importantly, it affected people's right to know. Hiding the notices on websites meant that people in older demographics particularly were unable to find out key decisions that were getting made by council. So, from the top down, from a federal government point of view down to state governments and into local governments, a mandating of spend into regional press would provide a great media vehicle—because our audiences are still very, very well connected, as you've seen through the research that you've done which shows that some 68 per cent of people still turn to their local publishing for news and advice. So, as I said (a) it would provide a great media vehicle but (b) it would also help underpin the future of regional journalism which we think is vital to communities. The survey results you've seen show how vital local journalism is to the health and vibrancy of regional communities.

Our last recommendation would be that digital subscriptions for our mastheads have tax deductible status. Currently you can claim it as a tax deduction if you are a business, but if all Australians could take a piece of ownership of their regional masthead by subscribing through our masthead and having that subscription made a tax deduction that would give us an additional marketing tool to promote to people why they should take out a digital subscription to our mastheads.

CHAIR: Thank you. I have several questions. You talk about the global impact on newsprint costs. Can you break that down a little and give us a greater understanding of why that is? I think you said 30 per cent by next year.

Mr Kendall: Norske Skog is the largest producer of newsprint around the world. We're seeing with Norske globally that, given that newspapers are in decline globally, they've had to pivot their manufacturing into different areas to make their business viable. One of the side effects of the pandemic has been the rise in online shopping; some of the Norske factories globally have been repurposed for cardboard packaging for home deliveries of online purchased items. Also, the global rise in electricity prices has meant that Norske are passing down to us—and certainly to all newspaper publishers—newsprint increases for coated stock, which is the glossy stock on which some of our inserts appear; that has gone north of 35 per cent. The current newsprint stock is going up 25 per cent, and 30 per cent, depending on which grade of stock, from 1 July this year. Lots of smaller publishers had to take that increase from 1 January but we were fortunate enough to have some contractual obligations with Norske that kept us going to 1 July. That said, they've simply broken other contracts and pushed the price rises through.

CHAIR: Your submission stated that the news media bargaining code has delivered a valuable source of income but will not be enough to save regional publications. Can you please elaborate on that?

Mr Kendall: The news media bargaining code has been helpful. The news media bargaining code brought Google and Facebook to the table, which they would not have been at prior to that. We've negotiated terms with both those parties, but it's fair to say that regional players negotiated their terms after the metro players had done significant deals—so the Seven group, the News Limited group and the Nine group had taken a significant chunk

of the available money Google and Facebook were prepared to put in this. That said, we're happy with the deals we've negotiated, but they represent only about five per cent of our total revenue.

CHAIR: Has the funding started to flow through after the negotiation, or is that pending?

Mr Kendall: The funding for Facebook has flowed through. The funding for Google has partially flowed through, just as we are going through cleaning up some of the details of that contract.

CHAIR: How does that work in terms of the 140 regional papers you publish? Does the funding go to ACM or does it go through to the local providers? How does the funding work?

Mr Kendall: It's not funding per se; it's a contract for content services. Facebook have determined there are close to 30 of our publications where they want the content on their newsfeed, so we provide the content for those 30 publications for the Facebook News tab service. Likewise, there are probably—again, I'll get the numbers right—in the high 20s or low 30s publications where Google have deemed the content valuable enough for them to pay. It doesn't cover all of our 140 titles per se. The money comes into ACM at a corporate level, and we then apply a percentage of that based on whether that publication is part of the deal to the publication's PNL.

CHAIR: Really, 30 out of 140 isn't many. I can only assume that metropolitan papers would have a much higher ratio of remuneration—would that be true?

Mr Kendall: Certainly it's true. The fact is Google and Facebook both have an algorithm that suggests there has to be a certain level of engagement before it qualifies for funding. A lot of our smaller papers don't have the footprint and the reach and the engagement to qualify for funding under the terms of the agreements. That said, we as a business are fortunate that we can use the more profitable papers in our group, things like Canberra and Newcastle and our agriculture titles, to sustain the less profitable longer tail.

CHAIR: Altogether, you said five per cent of your overall funding would be from the news media bargaining code arrangements.

Mr Kendall: Five per cent of our total revenue as a business.

CHAIR: How does ACM ensure that its regional news mastheads are benefitting from the news media bargaining code—for example, in terms of maintaining or expanding regional media services or providing increased job opportunities?

Mr Kendall: The job opportunity is one interesting piece. As part of the Google deal, there is this news media academy that launched in conjunction with News Limited. We've become involved in that. Google is funding 10 trainee journalists around the country. The broader point really, though, is we've had advertising revenues fall some 45 per cent in the last five years, and advertising revenue this year is about 15 to 17 per cent behind the previous year. So, again, the Google and Facebook funding goes somewhat towards recouping some of the money and giving us the opportunity to continue to hire journalists or to keep journalists on the books. We've also launched new publications, certainly not on the back of the funding, but, given that funding, there's some comfort we can launch new publications into places like Lismore and the Northern Beaches here in Sydney.

CHAIR: In terms of advertising revenue, have you experienced any economic recovery in the markets from the impact of COVID-19?

Mr Kendall: It is difficult to say at this stage. Trying to get a year-on-year comparison is difficult at the moment because we had markets that were fully shut down for three months during COVID, particularly in Canberra and Newcastle and Illawarra last year. So year-on-year comparisons are difficult at the moment, but it's fair to say that by and large what COVID has done is remove the habit from some advertisers. Our ad revenue numbers every week are in the red year on year, and every week they're in the red certainly in our budget of numbers.

CHAIR: Thank you.

Ms McBRIDE: Thank you, Mr Kendall, for your submission, which really describes the changes ACM has made to adapt in response to the pressures on the newspaper sector, which I've seen and others have seen in our communities. Obviously COVID was a major event and a pressure point that challenged the news media industry, but is it the case regional newspapers were facing pressure well before COVID-19? To put it another way: have the trends that challenge regional newspapers existed for some time?

Mr Kendall: Yes, they have. Some of the detail in our submission goes back to the changes from 2016. Again, people look to Google and Facebook as the things that have hurt us, and they certainly have. They've made it very cheap for some small businesses to reach audiences in regional markets. But, more importantly, it's the rise of Carsales and SEEK and realestate.com that have really decimated the classified revenues, and that was certainly happening pre-COVID.

Ms McBRIDE: While there are some positive elements or green shoots mentioned in your submission, it was very concerning to note in your evidence that 20 per cent to 30 per cent of your titles are under threat without urgent support. On page 5 of your submission you estimate that, of your portfolio of titles, about 20 per cent to 30 per cent are under threat. What could this mean for ACM and for the provision of local journalism in regional Australia? Is the crisis phase facing regional news getting better or worse and, if so, why?

Mr Kendall: It's certainly getting worse. We thought long and hard about putting that number in the submission because we have a lot of journalists and staff attached to those publications that have had a terrible couple of years anyway, and certainly the uncertainty of the future remains ever present for regional journalism. We look from a budgeting point of view, and if there is not material change in the support that we can get from government then those titles, and particularly some of our smaller titles, will have to close and jobs will be lost in those markets. More importantly—and I've got to say this—it gives us no comfort. We're not an organisation that sits around and talks about how we can close papers to become more profitable. We don't want to close papers; we want to launch papers. Every time we do have to close a paper it grieves us because we know the community is going to lose a voice as well as us having to deal with the staff implications of that. But there is no question that, regardless of the pandemic, there is a good-size part of our portfolio, in areas such as Mandurah and Parkes and Horsham and Maitland and Cessnock, that will have to have some tough decisions made if we don't get some support.

Ms McBRIDE: Thank you: your submission helpfully includes a list of recommendations and you've gone through some of them in detail with the chair, Dr Webster. Before we pick up on any of the individual recommendations, I'd like your overall view. Some of the recommendations in your submission are similar to the ACCC's recommendations in the final report of the digital platforms inquiry, which I think was delivered to government in 2019. In your view, has the government done enough to act on the ACCC's recommendations since then? Has the government provided ACM with the right support at the right time? And could the urgent situation facing ACM have been avoided if support had been provided sooner?

Mr Kendall: I think the answer to that is absolutely yes. I appreciate the government has had a lot to deal with in the last couple of years, as we all have. With the submissions that we've made and the conversations that we've had in the communications area, particularly around the change of the legislation as it relates to media voices, calls for support have largely fallen on deaf ears. As I said, the government have had a lot to deal with, but regional newspapers and the health of regional newspapers, I think, has not been held as a high enough priority.

Ms McBRIDE: Turning to the news media bargaining code, I think on page 9 of your submission you mention that it has delivered a much needed source of income, but given other cost and revenue pressures, including COVID and a massive hike in newsprint prices, which you've given evidence about this morning, it would be not enough to save regional publications that are already at a margin of profitability. Taking your evidence as a whole, would it be fair to say that you regard the income under the code—and I know it can be characterised in other ways—as helpful but not enough to fix the urgent threat now facing, as you said, 20 per cent to 30 per cent of your titles?

Mr Kendall: No question that it's not enough. Again, I think our negotiations with Facebook and Google were done in quite good faith and I'd suggest that we got as good a deal as possible out of those two particular parties. That said, I think the government itself has levers that it can pull that can support regional newspapers and the future of regional newspapers more broadly.

Ms McBRIDE: I want to turn now to the cadetship program, and I think you mentioned it earlier, Mr Kendall. It was in February that the minister announced \$10 million for a cadetship program, with the eligibility criteria to be released in April. You touched on this a little, but do you think it's enough to fix the issue facing regional newspapers, and what newspapers do you believe should be able to access this funding?

Mr Kendall: Again, I think it's a great initiative. The issue that we're going to have with that initiative, though, is that it's dealing with those coming into the business, and if we don't fix the macro issues then there'll be no jobs for those journalists in the future. We think that having some cadets and juniors coming in is fantastic, and it's great for the business, but the road to then becoming an editor is five, six, 10 years, and whether those publications will be around for them to have that career path is more an issue, to be honest. So, again, we welcome that initiative and we love getting young people into the business, but at the moment our challenges are far more broader and longer term than that.

Ms McBRIDE: Thank you, Mr Kendall, for your evidence, and thank you, Chair.

CHAIR: Thank you. Dr Allen?

Dr ALLEN: Thank you, Chair. Thank you, Mr Kendall, for your submission. I would like to get a bit more of a sense of the impact between the long-term changes that are happening to the area and the short-term hit of COVID. It's pretty easy to understand the impact that COVID has had on the whole of the media industry. But, with regard to regional newspapers and the decline in readership, generally, that's happening across print news and the movement online, would you be able to provide a bit more information about the way that you've adapted and have continued to adapt to an increasing online readership, particularly your interaction as a sector with social media and whether the recent changes to the laws that the government has introduced have been helpful with the decline in that form of readership?

Mr Kendall: Thank you very much for your question, Dr Allen. If we take COVID out of the equation for the last two years and think about what we were doing as a business before that and what we're continuing to do, the move to digital subscriptions has been a big part of our strategy, because we know that more and more people are wanting to access the news online. We've had strong growth in our regional subscription. We've got 110,000 or 112,000 people who are subscribing to our regional news. From a profit point of view, it's a healthy line. That said, it doesn't replace the printed subscription revenue and the advertising revenue that sat around pre the advent of those digital subscriptions.

Structurally, as a business, newspapers have been sadly deprioritised by media agencies more broadly. I've read quite a few of the other submissions that were put to you, and it came up heavily in some of those. It's very true that metropolitan media buyers have a bias against regional markets, but they also have a bias against newsprint. I think the metro view of the world is, 'I'm not seeing people read the *Daily Telegraph* or the *Sydney Morning Herald* anymore, so therefore people in Wagga don't read the *Wagga Advertiser* anymore.' That couldn't be further from the truth. Our printed products still have a very strong readership in the towns and are really connected particularly to that older demographic. But that demographic is not seen as being terribly appealing to, as I say, a metropolitan media buyer. That said, the structural changes that you alluded to are certainly part of the conundrum that we face as a business: we know we need to get the printed product out to people, because that's what they want, but without the advertising support that goes with that it becomes more difficult.

As a business, we are super committed to hyper-local journalism, because one of the other things that we do know is that people will turn off very, very quickly if the journalism isn't very local and relevant. When you think about living in Wagga, for instance, there's nothing written about Wagga on news.com, in *The Guardian* or in the *Daily Mail* and there is certainly nothing on Facebook that you could believe with any credibility, so we have an important role to play in the lives of people in our regional markets.

Dr ALLEN: I actually grew up in Albury and lived around the corner from the *Border Mail*. I know how important it is to the sense of self and the sense of community, so I completely support you. Regional newspapers are important. I now live in inner city Melbourne, in Higgins, and I know the local community newspapers have also had funding issues and have all collapsed. There's no local newspaper in Higgins any longer. Are there parallels between regional newspapers and community based newspapers? What lessons can we learn about the sector? Do the sectors communicate with each other? Is there anything we can learn across those two different sectors—city based community newspapers versus regional newspapers?

Mr Kendall: It's a great question. One of the things you would note in our submission is that when News Limited pulled out of 100-plus regional markets and a lot of community markets as well, the same desire particularly was held in those regional community newspaper based markets for local news. We did launch in the Northern Beaches to fill the void left by the *Manly Daily* and we also a few weeks ago launched in the inner west in Sydney to replace the *Inner West Courier* and, you will be pleased to know, on 16 March we will be launching in the *Inner East Review* to cover east Melbourne, Cremorne, Richmond and Abbotsford. Again, to your point, the tenants of those local communities are equally as strong or equally parallel to the regional markets. People want to know what's going on in their area. They want to know what's going on in the local council and the like. It's even more difficult to make those business models work without a cover price, so it's really 100 per cent dependent on an ad funded model. That said, we think that with hyper-local targeting we can make some of these products work.

Dr ALLEN: What would you say would be your three top sectors, from an advertising point of view? And what are the three top services that papers provide and what topics are of interest to local communities?

Mr Kendall: I will go the second part first—local news obviously in and around councils and the news of the day in an area. We had a Walkley Award winner on Friday night from Tamworth, who had done the most amazing story on mental health services for youth particularly in that area. Campaigning is a big part of the service—campaigning for voices in those markets. The births, deaths and marriages section is still a really big thing—the announcement of who is coming into the region and who is going out. The local sport results still play

a really major role in connectivity to community, connectivity to the things that make those communities so vibrant. In the advertising sectors, retail is probably the No.1, and that's led by a couple of big retail advertisers that still support print. Government is second but that's fallen off dramatically, particularly, as I mentioned, around local council advertising. The next category for us is probably still real estate, if we look across the whole business.

Dr ALLEN: Excellent. Thank you so much.

CHAIR: Thank you for your attendance here today, Mr Kendall. If the committee has any further questions, they'll be put to you in writing. You will be sent a copy of the transcript of your evidence and will have an opportunity to request corrections to transcription errors; we expect that to happen by the end of the week and we ask you to return that as soon as possible.

Mr Kendall: No problems. Thank you, Dr Webster, and thank you to the committee for coming together on what is obviously a very important issue to us but, more so, we think, an important issue to everyone living in regional Australia.

CHAIR: Hear, hear. Thank you.

COWDROY, Ms Emma, General Counsel, Australian Associated Press [by audio link]

DAVIES, Ms Lisa, Chief Executive Officer, Australian Associated Press [by audio link]

[10:40]

CHAIR: I now call on representatives from Australian Associated Press to give evidence. Although the committee does not require you to give evidence under oath, I should advise you that this hearing is a legal proceeding of parliament and therefore has the same standing as proceedings of the respective houses. The giving of false or misleading evidence is a serious matter and may be regarded as contempt of parliament. The evidence given today will be recorded by Hansard and attracts parliamentary privilege. I now invite you to make a brief opening statement before we proceed to discussion.

Ms Davies: Thank you so much. I thank all the members of the committee for this opportunity to appear before it to discuss this important issue of regional and local news. AAP is vital to the sustainability of the vast majority of regional and local newsrooms around the country. Without AAP, it is no overstatement to say many would be forced to dramatically reduce their offering, deliver ad hoc and substandard journalism from outside their local patch or abandon altogether the communities that so badly need them.

For over 85 years, AAP has been an integral part of the Australian media landscape, providing the foundation of news content for newspapers, radio and television news, and, more recently, the digital versions of the above, as well as some new market entrants. Around the clock, 365 days a year, AAP writes over 220 core news stories and captures over 400 images every day that document areas of high public interest, including national- and state-level politics and policy, court reporting and breaking news from across the country.

CHAIR: Sorry to interrupt—do I have Mr Burns online yet? I'll take that as a no.

Thank you. I note your submission states that the news media bargaining code does not address wholesale providers of news but rather focuses on outlets that have a retail operation. Can you please elaborate on what effect this has on your organisation?

Teleconference interrupted—

CHAIR: It seems we have lost our audio link. We will suspend the hearing until we get everyone back online.

Proceedings suspended from 10:43 to 10:52

CHAIR: This public hearing is resumed, and Ms Davies is in the process of giving a short statement.

Ms Davies: I will send through my full address so there are no gaps missing. I will carry on from about halfway through.

Democracy relies on citizens from all parts of the country from all walks of life having access to independent and objective news. To deprive rural and regional media of the mechanism through which they can receive a strong and sustainable news supply would be a disservice to the future of our country. Put simply, if AAP doesn't survive, it's hard to see a situation where rural, regional and local media outlets can too. After all, the costs of news gathering are high, especially for courts, sport and politics. As a wholesale supplier of news, those costs are shared across multiple customers for the same core content. This is particularly important for AAP's regional customers who could not afford to establish and fund reporters in major cities around Australia to cover the news cycle. AAP enables regional papers to compete with bigger media organisations by being able to access core content that would otherwise be impossible for them to obtain.

At last count, AAP had 165 customers reaching in excess of 400 separate news outlets from metropolitan centres to regional outback communities. We do not currently provide content to News Corp's local mastheads, but the Australian Community Media, ACM, alone has more than 140 regional publications in print, online or both. We know directly from them how heavily they rely on our journalism.

It is also worth reminding the committee that we are now a not-for-profit that spends our money in the newsroom—and not our volunteer boardroom. We don't compete for advertising dollars with our competitors, and our sole mission is to provide as many high-quality news stories as we can to as many media customers as we can. This is for the benefit of all Australians.

It is our submission that ongoing financial support for AAP will go a very long way to supporting rural, regional and local news outlets across the country. The recent media diversity inquiry recommended that the current federal government funding arrangement of \$7.5 million per year for two years, which ends in financial year 2022-23, should be made permanent to give surety to its planning and to consolidate it as a central pillar of our news media. We are willing to discuss how that might work best for all sides, whether that be by continuing the annual grant funding under the PING model for a further three years or by following the Canadian and

European example of the countries' federal bureaucracies, effectively, becoming customers. Either would allow us to provide a deeper and more sustainable service to our rural and local customers.

The crisis in regional and local media is a real threat to media diversity as well as to the crucial connection all Australians should have to the world around them. As an important part of the media landscape, AAP hopes to contribute to its vibrancy for a long time to come. Thank you.

CHAIR: Thank you very much, Ms Davies. I note that the news media bargaining code did not have any space for AAP and, therefore, you've received no direct benefit from its passage. How would you like to see it reframed, if that were ever a possibility?

Ms Davies: I might ask Emma to answer that. I've only recently been in this role. Emma will be able to talk to that, I think?

Ms Cowdroy: The code obviously was designed for the retail market and not the wholesale market. I think, in our submission two years ago looking at this, we had made suggestions, if the code were to be amended, that we have essentially what the Europeans have, which is a 'neighbouring right'. The neighbouring right—which was a copyright approach over in Europe—directly referenced the newswires over there. So it was very clear that it wasn't designed just to assist publishers with a direct retail presence but was also designed to ensure that the content of newswires, which often surfaces on digital platforms, was also fairly remunerated back to those newswires. That's the path that they took in Europe. I think, unfortunately, for us, by the time we had a seat at the table, the horse had bolted, in the sense of the code being amended. But, certainly, for us to have some form of surety of revenue coming through the code, there would need to be some small modification. I think we even put forward some drafting suggestions at one stage, but I would need to take that on notice to confirm that. That would then mean that we have the same ability to negotiate with the digital platforms. At the moment, we only have the ability to negotiate with them by dint of good will, without underlying legislative support to help us.

CHAIR: You state that AAP is a two-way street, providing content to regional papers and sharing regional content with broader platforms. What percentage of your content originates in regional postcodes?

Ms Cowdroy: We would need to take that on notice, Dr Webster. We have a huge network of freelancers across Australia, and a number of the stories that we generate come through them and find their way back out to the wider world. We also now have a dedicated regional rural reporter in Orange in New South Wales who is covering specifically regional and rural stories to take back out to our wider network, and we do have an agricultural round now. So it's not as simple as us saying, 'Okay, we've got a journalist in postcode X or Y.' We have a different way of generating through the wire. So it would need to be almost on a story-by-story basis to have a look at what the region is that is being covered on any given day and any given story.

CHAIR: Has the AAP's not-for-profit charity status changed the way you operate or changed decisions about reporting on local government, local court, health or other important regional community issues?

Ms Davies: No, I don't believe so at all, other than in a positive way. The desk for a regional reporter is funded by the Jibb Foundation. Our agriculture desk is also supported by philanthropy, and we intend to work quite hard to increase that support so that it can enable us to cover much more of a footprint of Australia than we already have. We have reporters in every state and territory. We have a bureau in North Queensland, Orange, Tasmania and Darwin. We also have Canberra bureaus, as you probably all know. They're just our full-time staff. As Emma mentioned, we also have a huge network of freelancers. We are very hopeful of increasing our content for those areas.

Ms Cowdroy: I should add that the change to a not-for-profit structure means that all the revenue we get, whether it's commercial revenue from our existing customers, grant funding or philanthropy, has to stay in the business. We don't have shareholders and we don't pay dividends. I think change to a not-for-profit structure—this is one of the first wires in the world set up that way—has been really helpful in terms of us being able to differentiate ourselves and set ourselves up more as what we have informally been for many, many years, which is the industry body that serves all Australian media. I think this new structure is perfectly suited to that arrangement because everyone benefits from AAP's sustainability and survival.

CHAIR: Excellent. I've just got one more question before I hand to the deputy chair. How do you engage with local communities?

Ms Cowdroy: As I've said in the past, we've got 100-odd freelancers that we work with, which is a mixture of journalists and photographers, and that arrangement has been how we engage with local communities, if that's what you're asking us. But, more importantly, the role of the news wire has always been to provide the stories from around the nation and states, and that more macro content, to enable them to use that so they can focus on their local and regional reporting. That's probably the fundamental differentiating factor of AAP. You can fill

pages 1 to 4 with local content, but to be able to continue to also extract advertising revenue, if you've got a 12-page newspaper, you need more at the back, and that's what we supply—the national pages, the state pages, the sport. There's just no way that our customers can go out and source it. That's the costly stuff—the sport, particularly, and the sport photography—but it also drives subscriptions. We see ourselves as having a really complementary role with our customers. We're not there to try and go and do the local stories. That's what they specialise in; that's what they are great at getting to. We are there to help them with what they need to create a fully rounded service.

CHAIR: Excellent. Ms McBride, Do you have some questions?

Ms McBRIDE: Yes, I do. Thank you, Ms Davies and Ms Cowdroy, for your submission, which goes to the critical role of AAP as a wholesale provider of news. Obviously, as others have said in their submissions and their evidence today, COVID was a major event and pressure point that challenged the entire news media industry. But is it the case that regional newspapers were facing pressure well before COVID-19? To put it another way, have the trends that challenge regional newspapers existed for some time?

Ms Cowdroy: I know this inquiry is about regional media. I think it's about news media more generally, which has been challenged. If you look at our subscription, yes, we were marching towards the cliff then and COVID essentially closed a lot of outlets. We lost a huge number of subscribers—some of them, for us, quite significant subscribers that were contributing to our core costs. But the trajectory had already started well before COVID. It has been said in numerous inquiries over the last couple of years, not just here in Australia, but the Canadians and others—the UK—that everyone is grappling with the same problem, which has been in some ways the cannibalisation of news media businesses in part by digital platforms.

Ms McBRIDE: Your submission goes to a slight structural decline in regional and remote news delivery, accelerated by COVID-19, as well as a decline in the coverage of important issues. Do you think the crisis facing regional news is getting better or worse, and, if so, why?

Ms Davies: It's definitely not improving, from our perspective, and I think it probably is declining. We can only hope that there is some support for these outlets as we move forward, and in turn, for us, so that we can continue to provide the services that they rely on from us to continue their operations. It is an extremely challenged environment. There's not one factor that contributes to it. Unfortunately, we are kind of all in this together. From my perspective, there's so much work that needs to be done. It is quite challenging. Emma, did you want to add anything?

Ms Cowdroy: Yes. The thing that I would say, as it pertains to AAP specifically, and it's often said, is that when our customers sneeze we catch the cold. That was the situation for us, so much so, of course, that two years ago we came within a hair's-breadth of closure. If we'd not been saved by a group of philanthropists we wouldn't be here and that would've been catastrophic for a number of regional outlets that we service all across Australia. Had we not survived, I think you would've seen a lot more closures than we did—adding to what had already occurred.

Ms McBRIDE: In some of the recommendations in your submission, as well as in the Senate media diversity inquiry and in the ACCC digital platforms inquiry before it—and other review and inquiries are similar—it seems that there isn't a shortage of recommendations for supporting the news media sector. Yet your evidence and others points to a structural decline in regional media. Has the government provided the regional newspaper sector with the right support and at the right time? In your view, has the government done enough to implement the ACCC's recommendations since 2019? Going on from that, what could the government best focus on?

Ms Davies: From the outset, I want to say that the PING grant model is a hugely welcome initiative. I think it has been to the benefit of many outlets. I've only been in the job two weeks so I'm catching up a little bit—

Ms McBRIDE: Lucky you're a quick study.

Ms Davies: That's right. I'll probably pass over to Emma. But broadly we're very grateful for the PING funding. For us specifically we've only got less than 18 months of that funding to come through. We are very much hopeful of continuing those conversations with government and keen to work out different ways that we can continue to support our subscribers because they are the avenues to which Australians are accessing our content. Emma, did you want to pick up there?

Ms Cowdroy: The PING funding, as we all know, was as emergency fund that was very timely, and without that I know that a number of grant recipients would have been in serious trouble. It was very timely for us. The issue is that it needs to be made more permanent in some way. I note that the government has a green paper out at the moment, which we made a submission to, about what that looks like. There's a need to have something more continual—that is quite critical. That is something that has been looked at in Canada and other countries where

there have been more permanent arrangements put in place to help regional media. If the government were minded to act, I would advise accelerating that green paper—my understanding is it could take a long time, and I think the help is needed now.

Ms McBRIDE: I'd like to turn to the News Media Bargaining Code. Your submission states

However whilst directed at public interest journalism, the Code did not address wholesale providers of news (such as AAP), rather it focused only outlets that have a retail operation. AAP was not covered by the Code and received no direct benefit from its passage. How effective you think the code has been in supporting regional newspapers so far? Has it been of significant support or limited support?

Ms Cowdroy: We don't know. Because we're all subject to confidentiality agreements with the digital platforms—we have an arrangement with Google, not with Facebook—it is very difficult to know what other regional publications have received under the code. We're certainly not getting flooded with customers coming back as a result of having received money under the code—yet. That's all I can say on that. I'm aware, as other committee members would be, that there are a number of small regional publications or small publishers that are being represented—Minderoo has taken that on as a philanthropic arrangement to try to help them bargain. I don't have any visibility, other than to say that we've not been inundated all of a sudden with a huge number of regional customers coming to us with money from digital platforms that they might want to spend with us.

Ms McBRIDE: Picking up on that, your submissions goes on:

In order to truly achieve the objective of the legislation - namely to "help support the sustainability of the Australian news media sector" - the Government must consider additional measures to assist the wholesale news industry such as the provision for an appropriate form of permanent Government support for AAP.

What additional measures could be considered? What form could permanent government support for AAP take? Are there some examples? Do you know if the government has these under active consideration?

Ms Cowdroy: This topic has been considered in a variety of inquiries over the last two years. If I'm speaking specifically about AAP, one way that news wires globally are helped—because they are seen as an essential pillar of democracy and a really fundamental element of the wholesale news industry in each of their countries—is by way of direct grant funding. For example, Agence France-Presse received 100 million euros in grant funding from their government, and in addition the government takes a subscription to the tune of another 26 million euros as a procurement arrangement.

We are open to either a mixture or one or the other, but we have found that the procurement part is challenging because you need to have it done by one federal body, really, to be effective and then have it, essentially, 'umbrellaed' and then cascaded down to departments. That's what has happened in, I think, Austria. It's certainly what's happened in Switzerland with their newswires, each of whom were very challenged and needed some support and needed it fairly dramatically. We would suggest that either grant funding—some form of an extension to PING, which directly considers AAP—or a procurement path is the way to go. Those are two very concrete measures, and I've outlined how those are achieved in other countries in a number of our submissions.

Ms McBRIDE: You may have covered this, but you note in your submission that, in the 2021-22 federal budget, the Commonwealth government awarded AAP \$15 million in core funding over the next two years. Going to the duration, is two years funding sufficient, irrespective of whether it's a grant or procurement pathway and will this secure AAP's transition to a new not-for-profit model, supported by industry and philanthropy or is permanent government funding required?

Ms Davies: No, it's not enough, to answer the first part of your question, and it certainly won't be enough time for us to transition to any other permanent funding. The \$7.5 million a year—the total of \$15 million—does fill a significant hole in our operating costs, which, of course, these days, given we're a not-for-profit and given we're a much slimmed-down version of what we were, say, 2½ years ago, is nonetheless a great contribution. We are working very hard to pursue other commercial opportunities as well as, as I've mentioned, the philanthropic support. I wouldn't like to say exactly how much time we would need. I just note that the media diversity inquiry recommended the funding be legislated or to have permanent ongoing modest support for AAP. That was their key recommendation. We certainly want to explore the opportunity, as Emma was noting before, the procurement pathway, because we do feel as though you would receive a service. It—

Ms Cowdroy: It's a value exchange.

Ms Davies: Yes.

Ms Cowdroy: There's a value exchange in that, and that's what other governments have recognised.

Ms Davies: That means every member of the federal bureaucracy would receive AAP as their news service, covering the major news all across the country. We really think that would be of great benefit to Australia's

government. But, on the flip side, if that is not preferable, then of course we would very much like to see perhaps a three-year funding deal that continues the existing annual \$7.5 million. I think the preference would be that that could be set for another three years and then reviewed. That would give us a significant amount of security, and we can make plans and build our business around that. So that would be our starting point for conversations.

Ms Cowdroy: It's worth noting that we put in a prebudget submission last year for the last federal budget. In that, we asked for \$8 million to \$10 million a year for three years, so that was our initial suggestion as to how the government could assist us.

Ms McBRIDE: I want to turn now to grants. We were talking about direct grants, say, more broadly to other newspapers and who should get the benefit of funding grants. Should grants go to all newspapers equally on some basis or should grants go to certain newspapers only—say, large or small, metro or regional, mainstream or ethnic? Do you think that revenue is the right basis for determining grants allocations? Do grants have a distorting effect on the market? Just in the last of the questions around direct grants: are you concerned that the minister's involvement in deciding grants could have a chilling effect on press freedom in Australia?

Ms Cowdroy: There are a few parts to that question. It's an interesting question, 'Who needs the grants the most?' I think that larger media organisations may not need them to the same extent that smaller media organisations need them, but, again, then you have to look at where their revenue is coming from. If it's a large organisation that has a lot of regional publications, and their revenue is tied to those, then I think the question you raise is really quite challenging. What I think has skewed the market a little bit is that some of the larger players have a lot of the digital platform money. Particularly for us, given that we're not in the code, that has made it more difficult. Unless that's more of a level playing field—and we're certainly not on it, so it's never going to be for us—it's more difficult for organisation such as ourselves.

CHAIR: We might move on to Ms Bell's questions.

Ms McBRIDE: Okay. Thank you, Ms Davies and Ms Cowdroy, for your submission and for your evidence today.

Ms BELL: Thank you for being with us today—I apologise for joining the committee late. There's water coming out of holes everywhere up here in Queensland! So it's good to be on the line.

I want to ask further about revenue split for your particular organisation in terms of philanthropic support. What sort of a hole does that plug in terms of percentage of total revenue as a starting point?

Ms Cowdroy: Are you asking us what percentage of our total revenue is still in profit at the moment?

Ms BELL: Yes. And how much of your total costs or total revenue are attributed to that philanthropic support?

Ms Cowdroy: Yes. I can confirm this on notice, and it has changed over the last few months—particularly as our DGR has now gone through. I think it's around 15 to 20 per cent, but I will confirm that.

Ms BELL: That's quite considerable, and I guess that fluctuates up and down yearly as well. The reason I'm going down this road is because this committee did an inquiry into regional art galleries, and we talked about what the landscape was in terms of tax incentives and how that would assist. What would you like to see in that landscape of tax concessions in terms of philanthropic support?

Ms Cowdroy: For us, having DGR for the next five years has been really critical to be able to attract philanthropy. A number of foundations, as you probably know, can't give unless there's DGR. While you can have it auspiced, it's not the same as having it yourself. I think the fact that we now have six philanthropically funded desks covering everything from agriculture through refugees, regional reporting and future economics to the arts desk is pretty much attributable to the fact that we have DGR. DGR is really critical.

Oxford University and Reuters put out a report recently, looking at sources of funding for news organisations. It was very interesting to see that over the last couple of years philanthropy has gone from being a non-existent source to being in the top 12, I think—maybe even the top 10—sources of funding for news organisations. That's a real change. That was interesting, because it's a global study. I think it's showing that there is a gap and something that needs to be filled, because the business model for news media organisations has been fundamentally disrupted over the last decade.

Just in terms of tax, I would say that, in questions on notice, we put in a response on this specific question, advocating for the Canadian model, where the government provides tax rebates to Canadian publishers, and it has been done quite carefully so that it only provides a tax rebate if you can establish that it is for somebody who is specifically engaged in news gathering, so it benefits, often, smaller publishers. They don't have the large overheads and sales teams and other corporate expenses that some of the larger media companies have. You can

only get it for the people who are engaged directly in news reporting. We put that forward as one mechanism, not the only mechanism, but as one mechanism that could be helpful, particularly to smaller media organisations.

Ms BELL: Thank you for that comprehensive response. I think it's good to have all of those key points on the public record.

CHAIR: Thank you for your attendance here today. If the committee has any further questions, they'll be put to you in writing, and you have several on notice now. You will be sent a copy of the transcript of your evidence and will have an opportunity to request corrections to transcription errors. If you could respond by close of business on Friday 4 March, that would be appreciated.

Ms Cowdroy: Thank you so much for your time. We really appreciate it.

CHAIR: The committee will now suspend.

Proceedings suspended from 11:26 to 11:50

DRAFFIN, Ms Anna, Chief Executive Officer, Public Interest Journalism Initiative

FELS, Professor Allan, AO, Chair, Public Interest Journalism Initiative [by audio link]

CHAIR: Welcome. Although the committee does not require you to give evidence under oath, I should advise you that this hearing is a legal proceeding of the parliament and therefore has the same standing as proceedings of the respective houses. The giving of false or misleading evidence is a serious matter and may be regarded as a contempt of parliament. The evidence given today will be recorded by Hansard and attracts parliamentary privilege. I now invite you to make a brief opening statement before we proceed to discussion.

Prof. Fels: I will make a short opening statement and then ask Anna to join me. Public interest journalism is essential to an informed citizenry and in holding those with power and influence to account. At all levels—national, regional and local news—news serves this purpose. Our interest lies in the health of public interest journalism across the nation and, as found by the ACCC, the public benefits that it generates are for all, not just for those who pay and consume it.

The development and evolution of online technologies and social media have irreversibly transformed the news sector. Where advertising once subsidised the high costs of producing public interest news, these dollars have now largely fled to digital platforms. Around the world, governments, community and the industry itself are grappling to find sustainable offsets. Against this backdrop, the Public Interest Journalism Initiative appreciates the opportunity to appear before this House of Representatives Standing Committee inquiry into Australia's regional newspapers.

With our clear focus on news as a public good, PIJI, the Public Interest Journalism Initiative, believes policy intervention should, firstly, produce public benefit and, secondly, support a diversity of news producers. Neither of these have always been the case to date, as we can see from regional experience.

The News Media Bargaining Code is globally significant in its intentions and ambitions but, in essence, seeks to address a market power imbalance. Not all types of news businesses are included—for example, startups or wholesalers. Plus, the code does not require news media businesses to invest in revenue and journalism. Although we note businesses such as the *Guardian* and the ABC have made public commitments to that effect. Furthermore, with the legislation currently dormant, the digital platforms can elect which news media to negotiate with, as seen by Facebook's lack of engagement with SBS—one of the most trusted news sources and producers of public interest journalism. The complexities and different needs of news producers requires a multipronged approach to replace the scale of lost advertising revenue and to safeguard public interest journalism. There are some clear opportunities that PIJI and others have suggested to help diversify revenues, encourage more news production and benefit regional and remote Australia, as well as other communities experiencing an undersupply of media diversity or plurality. But there must be a concerted effort for increased transparency and public reporting of benefits resulting from government intervention, direct or indirect, in news media. Now I would like to hand over to Anna Draffin.

Ms Draffin: Additionally, core longitudinal data is needed to fully inform policy decisions, not only on the types and levels of support for public interest journalism but, as we examine community needs across the country, it is needed to determine policy effectiveness in delivering the desired policy outcomes. An opportunity exists for Australia to become a global leader in the measurement of news diversity and plurality.

Our Australian Newsroom Mapping Project is PIJI's contribution to creating a continuing health check on our domestic news production and availability. The focus on the experience of regional and remote communities is critical, given disproportionate changes in their news production. Our data shows two-thirds of more than 400 changes over the last three years are skewed towards regional and rural Australia. While green shoots have appeared, regional Australia still accounts for nearly 70 per cent of all market contractions within that time. Furthermore, these contractions were generally more severe in nature. Ninety per cent of local title closures or decreased services occurred in the regions, compared to mainly end of print editions in metropolitan contractions. Such data can help identify the communities that experience a lack or insufficient diversity of public interest journalism. Analysis can also inform discussion on the minimum provision of news coverage that is acceptable to promote a working democracy and support resilient communities.

The last two years have seen protracted market volatility as the sector continues to transform. Identifying and understanding key issues and trends through basic data therefore remains paramount. It is concerning, when this data is integral to transparency around news production, that PIJI, a small non-profit with a limited shelf life and no public funding, has become a vital source of core industry data. Much more needs to be done to support public interest journalism at all levels—local, hyperlocal, regional and national—and to measure and monitor policy

effectiveness in meeting community needs. We welcome your questions and are happy to share our reference notes. Thank you.

CHAIR: Thank you. I might start with a couple of questions and then hand to the deputy chair before I go to Ms Angie Bell. You have stated in your submission that this will be published in February 2022—is that right? Did I read that correctly?

Ms Draffin: Yes.

CHAIR: So that hasn't been published yet?

Ms Draffin: No, it has. Our local news mapping is online and fully available.

CHAIR: Thank you. Sorry for my ignorance. Does the registration database under the news media bargaining code provide adequate opportunities for the broad range of organisations involved in public interest journalism? I hear that the answer is no, but if you'd like to elaborate on that—

Ms Draffin: We've had a look at the registered news media organisations inside ACMA's register, and that's showing, I think our notes show, 27 registered news businesses. Our mapping of local news production across Australia currently has 800 outlets in it, so that would suggest that not all news outlets are registering under the terms of the code.

CHAIR: Why is that?

Ms Draffin: It's not an analysis we've undertaken. You're talking about a broad spectrum of news producers, from the very large through to the very small. I would suspect that, with the code effectively dormant—by the fact that there's no digital platform designated under it—there is probably some hesitancy in terms of the administrative burden for registering under the terms of the code, if indeed, as we've heard from previous evidence, there is potentially muted capacity to actually achieve a commercial outcome or undertake complex commercial negotiations with the digital platforms.

CHAIR: Is that being facilitated by larger organisations for the smaller ones?

Ms Draffin: Facilitated in what way?

CHAIR: The negotiations.

Ms Draffin: No. Most organisations have gone into bilateral negotiations one on one with the digital platforms, barring a couple of collective-bargaining groups that we're aware of. Country Press Australia, who are following us, were the frontrunner in that respect, and then, as mentioned, Minderoo Foundation are also heading up a collective group.

CHAIR: We are talking to CPA later, so I'll ask them a little more about that. How does philanthropy based investment in public interest journalism provides greater benefits than a grants based system?

Ms Draffin: Philanthropy often works on a grants based system as well; it's just a different source of revenue, coming from private capital rather than the public purse. What we've seen through our research—and, again, this is available, and we can supply it offline—is that there are three major motivations for philanthropic funding, by which we mean structured, strategic giving, coming from incorporated trusts and foundations that undertake this as part of their ongoing operations. We've seen that the three major motivations are, firstly, looking at investment in democracy, and news is an important part of that. Secondly, it is where they're passionate about a particular cause area and making sure there's a sufficient diversity of voice to cover and encourage debate and discussion—so climate change through to youth mental health issues. Then, finally—and I think this is one of the most interesting ones for the purposes of this inquiry—is the place based investment, where you understand that news is part of community and civic infrastructure and then, as we've seen over the last 2½ years, as part of emergency infrastructure, particularly for regional and remote communities. It has been found through the bushfire royal commission how important local news is in helping save lives as well as assets within a community.

CHAIR: There has been a loss in advertising, not just because of COVID but because of the digital platform space. How can that be remedied for smaller providers?

Ms Draffin: That's the question everyone is searching for the answer to, as Allan said. We've got governments around the world grappling with this. There is no silver bullet, in our estimate. The news media bargaining code, as we said in our opening statement, has been pivotal in helping move the dial, but it needs a multipronged approach. We have examined a number of areas of reform that could give scale and effect—for example, a tax rebate that is in the R&D style, as AAP mentioned. We've undertaken preliminary modelling on that and shown a benefit-cost analysis of more than \$356 million per annum that could be injected into the industry. If you take that as a complementary measure alongside the new revenues now coming through the news media bargaining code,

than actually creates an elegant policy solution in terms of driving more investment, not just doing remedial handouts as a response or reaction.

Ms McBRIDE: Thank you, Professor Fels and Ms Draffin, for your submission and your evidence and for appearing today. Your submission outlines the excellent work that PIJI is doing to map Australia's newsroom and to provide an evidence base for policy development and evaluation as well as to ensure this evidence base continues in the future. Obviously, as others have noted, COVID was a major event and pressure point that challenged the entire news industry. Is it the case that the regional newspapers were facing pressure well before COVID? To put it another way, have the trends that challenge regional newspaper existed for some time—is that correct?

Ms Draffin: Yes, it is.

Prof. Fels: Yes, in short it is. It's possibly accelerated a bit during COVID. As you know, so often COVID accelerates things that were going to happen anyway.

Ms Draffin: To put that in perspective, if we look at ACCC data from 2008 to 2018, it shows 106 news closures over that 10-year period. If you then contrast to our data, we've had 75 news closures in an 18-month period of which 92 per cent were in regional and remote Australia.

Ms McBRIDE: Right. Noting that in the background, your submission does mention some green shoots, but it's concerning to note your statement:

COVID-19's economic shock has dried up remaining advertising revenue from sectors such as tourism, hospitality and entertainment, resulting in a significant reduction of Australian news production as tracked by PIJI's Australian Newsroom Mapping Project.

You mentioned:

The map has recorded more than 400 changes in three years, two thirds of which are market contractions – a sharp acceleration from previous ACCC data—

Which you've just mentioned. Do you think the crisis facing regional news is getting better or worse, and, if so, why?

Ms Draffin: There are green shoots appearing, and that is encouraging. Often what we're seeing at an individual level are community-led initiatives as well as some of the spring-back with new revenues flowing from the news media bargaining code. We've started to see the ABC, the *Guardian* and the ACM all increasing or returning services out in the regions, which is certainly a pleasing sign. But there are two cautionary notes. Firstly, the flight to digital is leaving certain cohorts in the community vulnerable, particularly the elderly, who suffer often from lower levels of digital literacy. People are also disadvantaged where the cost of technology is a real barrier, and for remote communities we know that straight technology connectivity still remains an issue.

Then there's the flipside of the data. Our data is a blunt aggregator and is just showing changes, as in positive and negative changes, in news production. What it's not taking into account are measures of capacity, and therefore it flattens the data. If you were to have a newsroom with seven journalists that closes and that is replaced by a local community-led startup that hires two freelance journalists, they would appear as one replacing the other. It doesn't take into account that issue of productive capacity. That is the next piece that needs to be filled out in terms of understanding public interest journalism and its availability across communities: what is the actual qualitative data returns?

Ms McBRIDE: Your submission also noted the cumulative impact of change in news production is both positive and negative but with an overall negative decline. I'm going to your submission that states that cumulative regional decline is observed in nearly 70 per cent of all contractions adding to a net loss. The data suggests that regional Australia has seen a net loss in news production. So it is the case that contractions in news production continue in regional areas and that the nature of the contractions in regional areas is worse than in metropolitan areas?

Ms Draffin: Yes, that is what our data is showing.

Ms McBRIDE: Following on from that, what would you say about the success of policy interventions to date? Are they working or not, and are they adequate or inadequate?

Ms Draffin: I think we need to be careful, in terms of actually distinguishing between different types of intervention. Obviously, through COVID, there has been the need for remedial efforts, and we've seen those in terms of both JobKeeper, which was productive for the news industry, and also that industry response around the PING fund, which was also welcome relief and provided the necessary injection when many news businesses were at their most fragile. We certainly welcome all those initiatives, but we are needing to move towards long-

term structural reform, and, again, the news media bargaining code is a first step in that direction, but, as I said in our opening statement, what we need is a multipronged approach because the news media bargaining code doesn't cover all news media businesses. As we've seen from just a rough analysis of those businesses, there are fewer than 30 on the ACMA register. We have over 800 just in local news production. That doesn't capture broadcasters, nor does it capture national news providers as yet. We'll be releasing those layers of data later this year.

Also, anecdotally, what we're hearing with regard to the news media bargaining code capture is that, for broadcasters, it has some limited use, particularly for regional radio and television.

Ms McBRIDE: I just want pick up on your comments in your submission about the news media bargaining code. Your submission states:

While the News Media Bargaining Code (NMBC), nearing its first 12 month review, has reportedly generated substantial, new revenues for the industry so far, the majority of deals seem to favour well-established, large or medium news businesses ...

It goes on to say:

... nor does the Code cover new market entrants—a clear need in light of ANMP data that illustrates green shoots already failing within the first year of two of operation ...

In your mind, how effective has the code been in supporting regional newspapers and regional communities so far? Has it been a significant support or limited? Is it enough, in and of itself, to address the challenges faced by the news media sector?

Ms Draffin: We can only go by anecdotal reports. My colleagues from Country Press Australia, who are much closer to it, will be able to talk with more evidence, in terms of what their members are receiving from their deals under the code. I think, also, it's still early days. What we've seen are deals struck with the major news providers, and now we're moving through to the long tail end of the market. As the code comes up for review, I think the interesting questions are more around what the levels of significant investment are that the digital platforms need to be deemed to have reached that significant investment threshold and, secondly, what we as a community want as minimum provision of news at a day-to-day level in our local community. I think that's a debate and discussion that we're still in the early stages of conducting, and I encourage more debate and discussion as a result of this inquiry. I think, increasingly, as we are faced with the fragility of business models—and, let's be honest, not all communities are going to be commercially viable—it then begs the question: if they're not commercially viable, then what is the suitable intervention and to what purpose?

Prof. Fels: Could I add a comment? It is that, if you look at the ACCC report, it has a discussion about the fact that, once there was a cross-subsidy from classified ads in newspapers to quality public interest journalism. That's gone, and that more or less says that these days the market won't generate the public interest journalism that's required. It leaves it at that. It then goes on to another chapter, and that's just about the bargaining imbalance between current media and the digital platforms. The purpose of that code is to address the bargaining imbalance, and it does have positive side effects in the fact that the publishers get more money and some or all of it is spent on public interest journalism. But it's not really framed or set up as a systematic attempt to answer the policy question that you have in your mind: what are the ideal support funding or silver bullet solutions in relation to having the optimal amount of public interest journalism? We at the Public Interest Journalism Initiative were very pleased about the media bargaining code. It started from a slightly different position than where we would have started it—we'd like to have figured out what's needed and then find a way of funding it. Here we start with a bargaining imbalance and we fix that up with various good side effects, but not necessarily comprehensive ones on public interest journalism.

Ms McBRIDE: I want to go to one of PIJI's key recommendations, that the government makes a long-term investment in core sector data to measure and monitor the health of public interest journalism across the nation. PIJI is, as you describe it, a limited shelf-life initiative that will exit the market once it delivers on its Newsroom Mapping Project. You say that it will be seeking to transfer different parcels of intellectual property to key industry contributors such as government agencies and academic institutions on market exit. Optimally, what needs to happen by when in terms of regulatory change and funding allocation to ensure that PIJI's good work continues? What does government need to do to make this happen and has the government done enough so far? Is PIJI's work something that we could expect the department and ACMA to undertake?

Ms Draffin: We've been in ongoing discussions with both the department and ACMA over the last couple of years, specifically with a view to our news mapping work. We are continuing to roll out further stages of news mapping. We've done the latest release this month, but will have another three stages released in this calendar year. We're certainly encouraging all the collaboration that we can with both ACMA and the department, ideally

for one or both to become long-term custodians. Indeed, it may be more suited to have an academic consortium as the lead partner, but where there is public funding underpinning it so we can ensure the longevity of this data. I think that's probably one of our key reflections over PIJI's short lifetime—we've only been around three years, and our mapping work for the last two—but the great benefit of PIJI releasing and commencing mapping work in April 2020 and doing monthly reports has enabled us to track the market volatility, which an annual report would not have captured to the same degree.

As we said, in the fine detail there were some green shoots that appeared and then disappeared once JobKeeper turned off, so there is much granular detail that would have been missed. This is core data that we're all routinely referring to and, as we saw, there are at least six or eight different citations of our data across different submissions just in front of this inquiry, let alone the other inquiries over the last few years. This data is routinely used. It is really pointing out where there are gaps in terms of news production availability, but equally highlighting where there are great strength and diversity of different news producers and communities, as we've seen in certain clusters in New South Wales, for example.

Ms McBRIDE: I now want to turn to tax settings. The ACCC recommended tax settings to encourage philanthropic support for journalism. However, the government did not support this recommendation because the government wanted to implement previously announced DGR reform before considering further changes. Should the government do more in this area to arrest structural decline in the media sector?

Ms Draffin: In the current climate, we would be encouraging a diversity of news players—so that's the commercial channels, the public service broadcasters and not for profits. Certainly some harmonisation in tax settings would be advantageous, and certainly specific to public interest journalism—which is the lens through which we make our comments—and there is definitely international precedence in having not-for-profit provision of public interest journalism. The US would be the leading example there.

We would certainly support the addition of public interest journalism as a charitable category. At the moment, those such as AAP, the Judith Neilson institute, the Alliance for Journalists' Freedom have all received DGR status in recent years, and they have done so via special listings. This is more burdensome and usually beyond the reach of very small organisations. So, again, returning to the regional and rural question, for hyperlocal, small startups, who are never looking to scale, certainly having easier access through a not-for-profit model would seem to be a clear and helpful solution as part of an additive response.

Ms McBRIDE: I guess that goes to your submission, where you say that the current charity and taxation laws are a key constraint and you go on to say:

By addressing regulatory constraints, there is potential to grow philanthropic support for a not-for-profit journalism sector.

Is it the view of PIJI—why does there seem to be a reluctance for the government to use charity and taxation laws as a key constraint?

Ms Draffin: I'm sure there are others who can comment with greater clarity on that. My reflection, having come from the philanthropic sector in my former life, is that it's probably part of a greater consideration of the use of DGR status across the charitable sector. It's not specific to news alone. The other thing is that the news media business—this is my personal reflection—has shifted, as a result of COVID, into understanding the need to diversify revenues beyond commercial streams. Again, returning to the US example of INN, we've seen that it has over 350 members who are all not-for-profit news media businesses of all different scales, from hyperlocal through to large regional operations. So, there is absolutely scope and there is absolutely a window of opportunity in front of us, as government is looking at charitable regulation, to undertake some reform and capture news media as it has become an emerging charitable sector, which it really hasn't been before, except for in quite localised forms around community broadcasting, for example, over past decades. There is a real opportunity now for us to step forward.

Ms McBRIDE: Professor Fels and Ms Draffin, I want to turn to direct funding grants as a policy measure to support regional newspapers. In your view, do regional and small publishers have the capacity and support needed to make grant applications? Who should get the benefit from funding grants? Should it be all or some media; metro, regional, large, small, mainstream? Do you think, or have you observed, that the grants have had a distorting effect on the market? Finally, are you concerned that the minister's involvement in deciding grants could have a chilling effect on press freedom in Australia?

Prof. Fels: I will start, but Anna knows the details. I think we would look to having some kind of trust entity being involved in the question of who gets what. The procedures—I'll leave the rest of the question to Anna. The chilling effect—I don't particularly see it, but I'd want to hear more arguments about why there would be a chilling effect. I think more of a bringing it alive or keeping it alive effect.

Ms Draffin: Grants in any industry provide valuable revenue injection. There's no doubt about that, and I don't think news is any different. With regard to a distorting effect, there are strong governance precedents, again, that exist in many jurisdictions that can be applied. As Allan touched on, we have started some early-stage examination around the mechanics of a central trust to enable arm's length funding—and I should say not just for government purposes; equally the same could be said of corporate interests or the industry itself. For example, the digital platforms at the minute are very much determining direction of their commercial deals to a certain extent. So, a central trust would help alleviate some of those concerns and, equally, putting strong governance in and around the public reporting of the direction of the funds, the conditions under which the funds have been granted and the reporting of the public interest outcomes that result. It is probably that latter part at the moment that we're still in the early stages of waiting on the outcomes, for example, on the PING Trust and the former innovation fund which will be made available, I gather, later this year.

Ms McBRIDE: Thank you, Ms Draffin and Professor Fels, for your submission and your evidence today.

CHAIR: I'd like to go to a statement that you made on page 2 of your submission, and it's the fourth time we've talked about green shoots today, I note:

While green shoots have emerged, they mostly reflect the trend towards digital delivery, which does not assist vulnerable community members such as the elderly (digital literacy), disadvantaged (cost of tech access) and remote communities (where tech connectivity remains an issue).

These are three key concerns that I have as well as an interest in regional bank closures. I had a stakeholder meeting recently where one elderly gentleman in my electorate said to me, 'What needs to happen here is the government and the banks need to realise that this is just a 20-year problem. Once those of us in my age group'—and he would have been in his 70s or 80s—are gone, everybody who's younger can manage digital issues.' Of course, that doesn't touch on the connectivity issues. They're an ongoing piece of work. I'm wondering: are we facing an inevitability of moving to digital platforms even in regional settings? We talked earlier about births, deaths, marriages and sporting results at a local level. Is this where we're going, or is it still viable in regional settings—and I want to stick to regional and ignore the metropolitan at this point in time—to have an ongoing newsprint?

Ms Draffin: The great debate.

Ms McBRIDE: Yes, the great debate.

Ms Draffin: We were talking about this in the Walkley Regional Journalism Summit the other week to this precise effect. I hosted a panel of international experts as well as the Foundation for Regional & Rural Renewal here in Australia. The general consensus is that print is not dead—and I'm sure my colleagues sitting behind me from Country Press will support that. So, there are two parts of this equation. As you've touched on, there's the intergenerational divide and there is some transformation of industry. Undoubtedly, COVID has accelerated the flight to digital. That is not going away and that's not necessarily a negative, as you've said; however, we need to manage that in the short term—that is, the next five to 20 years—and we need to make sure that the disadvantaged also don't have a barrier to entry to some terms of use of technology as we've seen more broadly, not just for the purpose of news consumption over the last two years.

But then that brings us to that question: will print die? Let's look at other industries. In the music industry, there's a return to vinyl. In the book industry, Kindle hasn't taken over reading hard copy. So there is something tangible about holding a newspaper. As we've heard from others, within a community, the readership on a local print edition is different to that consuming news digitally, and it brings a different fabric to a local community, a different visibility and a different conversation. Again, I don't have the data to support that, but I do think it's an interesting question, and I'm not giving up on print in certain settings yet.

CHAIR: That's good to hear. We are actually out of time, so I will thank you very much for your attendance today, Professor Fels and Ms Draffin. If the committee has any further questions, they'll be put to you in writing. You will be sent a copy of the transcript of your evidence and will have an opportunity to request corrections to transcription errors. If you could provide the answers to any questions by the end of this week, 4 March, that would be great. Thank you.

Ms Draffin: Thank you for your time.

Prof. Fels: Thank you.

MANUEL, Mr Andrew, President, Country Press Australia

THOMAS, Mr Paul, Director, Country Press Australia

[12:32]

CHAIR: I now call on representatives from Country Press Australia to give evidence. Although the committee does not require you to give evidence under oath, I should advise you that this hearing is a legal proceeding of the parliament and therefore has the same standing as proceedings of the respective houses. The giving of false or misleading evidence is a serious matter and may be regarded as a contempt of parliament. The evidence given today will be recorded by Hansard and attracts parliamentary privilege. I now invite you to make a brief opening statement before we proceed to discussion.

Mr Manuel: Thank you. Country Press Australia is the industry body representing the interests of more than 190 independent regional and local newspapers across Australia. Our members are most often the major—and, in some cases, the only—-independent providers of local news for their communities. Our members employ appropriately trained professional journalists working under a code of ethics to help ensure our communities receive balanced, factual and impartial reporting in their local newspaper. The printed newspaper remains the primary source of revenue for our members to support the production of public interest journalism. The impacts of the COVID-19 pandemic have placed further pressure on an increasingly fragmented and evolving advertising market. In Australia, newspapers primarily rely on revenue gained from newspaper subscription, sales and advertising to support a sustainable business model. In regional and remote areas, advertising revenue has been severely impacted in the past decade or so by the dominance of digital and online commerce in all areas of our lives.

While these commercial challenges to secure a share of the available revenue pie exist for all commercial media businesses, regional and remote newspapers face unique challenges in the current media landscape, as they offer relatively small audiences based on circulation area that is driven by community of interest and often by a local council region. The news in a particular geographical regional area is of little or no interest to a regional town as little as one hour away. Our members' greatest asset in providing a vital service that binds communities can also be a commercial disadvantage in reaching a level of audience considered viable by large advertisers and, in particular, in providing a commercially viable digital audience.

The major publishers have in many cases abandoned the bush. They have scaled back coverage in major regional centres and completely closed print editions in others, leaving token online coverage. The withdrawal of media coverage and the closure of print mastheads has deprived regional communities of the ability to engage, to scrutinise, to challenge, to lobby, to champion and to celebrate what it is to be a healthy community. By its own admission, the ABC cannot fill the void left by departing corporate publishers. The demise of large corporate publishers in regional Australia has led to a significant resurgence of independent small-business publishers in all mainland states. Queensland is a good example of the void in print being filled, albeit with a different publishing model.

Country Press Australia, which has members in all states and the ACT, has grown its base substantially in the past three years. While COVID has accelerated this take-up, the decline in the commitment of corporate engagement with the regions was underway well before. There has been a steady replacement of once well-established print mastheads. This resurgence has not been easy, but the genuine belief among existing independent publishers of the importance of public interest journalism and how this relates to communities outside of large cities has been vital in bringing these new publications to life. Because independents are most often family run businesses, the health and wellbeing of their communities is of huge importance. So, unlike the large corporate players, this is about much more than profit.

Changes to the advertising market for both local and national advertisers, exacerbated by COVID-19, place the sustainability of these new entrants at risk, without appropriate support and policy settings. The digital platforms legislation may well save some publishers from closure. The full impacts of the news media bargaining code are yet to be fully appreciated. Finalisation of agreements with CPA has been a slow process, and payments have only just started flowing. However, the terms of these arrangements are in place, and the results should assist publishers with some revenue to assist with starting to build a sustainable digital business, but ongoing commitments by the digital platforms will be essential to ensure that the full monetary commitment is provided to reflect the time and effort required by each publisher. Further revenue sources will be vital for these digital news businesses. Further regulation is needed and the balance of power is still heavily skewed to the tech giants, especially in the area of defamation risk.

The impact of COVID-19 restrictions on newspaper businesses, particularly in Victoria and New South Wales, has been significant. The support from government during the COVID crisis has saved many from closure, although a few have had to close regardless. Members in states other than Victoria and New South Wales were more isolated from the enduring effects of COVID lockdowns, but in all states, before the omicron variant emerged, regional economies and the commercial businesses that supply them faced uncertainty not just from reluctant consumers but also from uncertainty in supply from both overseas and, more recently, local supply chains.

The continued decline in advertising revenue for newspapers due to COVID has not been confined to local businesses; it extends to national advertisers. National advertisers have withdrawn run-of-press advertising from regional and local newspapers since the start of COVID. The impact of COVID since March 2020 has placed and continues to place significant pressure on an already challenged news media industry. Advertising clients, particularly in the commercial space, are reluctant to commit to medium- to long-term campaigns due to a lack of confidence and uncertainties around COVID. Against this background of a depressed advertising market, COVID has had a significant impact on raw material prices for printing. Newsprint and gloss stock has increased by up to 30 per cent. The impact of these increases will be significant.

The financial support of government has been vital. Most important has been the government's commitment to direct advertising support. Ongoing government support in print is critical to the economic recovery post COVID. While almost every independent regional and rural publisher has an active and contemporary online presence, online generated advertising is not profitable enough—and never will be—to sustain the business model on its own. Put simply, the audience in regional and rural Australia is not sufficient, as it is in metropolitan Australia, to grow online returns.

The federal government's Public Interest News Gathering program, PING, provided support to CPA members when it was needed, but most of the funding went to the large publishers, and businesses provided only a small amount of local public interest journalism. CPA advocates for the continuation of a similar fund with a greater concentration of the outcomes, to ensure the original intended recipients of the program and those media businesses consistently recognised by the ACCC and the government as most at risk are appropriately considered. A turnover cap of \$30 million should be set to include a clear correlation to the direct resources applied by entities to the original production of local generated public interest journalism in regional and local communities. Funding should be based on the resources applied to produce public interest journalism, not revenue based criteria. CPA welcomes the recent announcement by the minister to establish the \$10 million cadetship fund. Thank you.

CHAIR: I find it troubling that the news media bargaining code is still going to reward the larger entities and not going to reward small regional newspapers—which is most of my electorate, I've got to say! I don't know how this gets fixed. I don't know what kinds of sums can be developed so that smaller regional newspapers can be the beneficiaries more so than News Corp, who happen to have a regional journalist in a regional place; that's just a comment. Is it going to be more feasible as time goes on for some of the regional papers to be merged? Is there benefit to them?

Mr Manuel: In some instances this has already been happening—probably even over the last hundred years, where you would have isolated, very small towns that would have their own paper; they were local papers, and now they're probably more so regional papers. That process has probably already been happening. As I mentioned, the problem is if you have a conglomerated news service—are people really interested in that hyper-local news if it's from one hour away? There are limitations to that.

CHAIR: Yes, but, when we talk about the news media bargaining code, is it likely that Facebook and Google are going to pick up a news story from Swan Hill as opposed to Lismore at the moment? It's going to be how much newsworthy material is going to be of interest to a wider range of people to justify Google's and Facebook's buy-in. Have I misunderstood how it works?

Mr Thomas: I think it depends on the continuation of pressure by government, to be frank, in terms of how that may play out. Country Press Australia has carried out negotiations with both digital platforms and come to a conclusion on that, as Andrew mentioned in his opening statement. The benefits of that are yet to be seen totally because the money's only just started to flow, but it will ultimately make a difference to every size of newspaper in our organisation. Definitely, the bigger organisations are more equipped to provide some of the requirements that Facebook and Google have. That's one of the current difficulties, particularly for the really hypersmall organisations. You mentioned the *Swan Hill Guardian*—in reality they're probably a larger organisation among our membership. We've got much smaller members, and they're the ones that probably need the most support to be able to get to the point where they can get more of that revenue that will come through from the digital

platforms. Through the negotiations that we've done we expect that every member should get something over the course of the next few years, so we do see some real benefit coming from it.

CHAIR: The Elliott Newspaper Group is Mildura, Swan Hill and Gannawarra, but there are many, many smaller ones and I don't know whether they benefit at all. I'll have to ask them when I'm down there next. What is the criteria for membership of the CPA?

Mr Thomas: Country Press Australia members are actually, strictly speaking, the states. In Australia we've got Country Press; we've got Queensland, Victoria, New South Wales and South Australia, which all have state based Country Press organisations and they're members of Country Press Australia. The member newspapers are members of the state associations. The state associations do have, to some degree, variances in the membership, but Country Press Australia does require that, as part of its membership, a member is a newspaper and has a printed effective newspaper.

CHAIR: What platforms does Country Press Australia have agreements with under the news media bargaining code? What percentage of CPA's member organisations have opted into the agreement with digital platforms, and what was CPA's experience in negotiating under the news media bargaining code?

Mr Thomas: We have agreements with both Facebook and Google. We initially had every member, except one, opt in with Google, and that one member that didn't opt in had done their own agreement. We've had some members opt out since, and that's mainly around some of the requirements that are built into those agreements by the digital platforms. I think we had every member opt in to the agreement with Facebook.

CHAIR: When you say 'members' are you talking states or territories?

Mr Thomas: We're talking about member newspapers of the states or territories. Yes, it's a little confusing. I should refer to mastheads.

CHAIR: Of those, does the media bargaining code pay per story or is it just because they have a reach of however many people? How does it work out?

Mr Thomas: The terms of the agreements are confidential, so getting into the fine detail is a little difficult in a public forum like this. A mixture of content and innovation is probably the sort of gist of the way the platforms have mixed the way that they're going to provide remuneration.

CHAIR: For a masthead?

Mr Thomas: Yes.

CHAIR: I go back to my point before regarding Lismore versus Swan Hill. Unless there were dramatic things happening around Swan Hill—and I gather from what you're saying that it's a larger paper anyway—will there be larger newspapers which benefit more from the bargaining code going forward because they're more likely to have more stories, as opposed to the smaller papers who will have fewer?

Mr Manuel: They would receive more money. They would also have heightened costs because they would have more journalists to fund. As an overview, I would say it's a relatively balanced distribution, depending on the size of the business. Some businesses might employ 10 journalists; some may only employ one. So the bigger business has higher costs.

Mr Thomas: Yes. I'd say the negotiations essentially are around content and journalism, and paid appropriately around those two main metrics, I guess.

CHAIR: As we spoke about earlier with PIJI, are we actually inevitably moving towards the digital platform as being the way that we disseminate news and gather local stories, or do you think newsprint in local regional settings is here for the long term?

Mr Thomas: If we had a crystal ball we'd all be rich! Certainly I believe there's quite a future in print. Whether it's there forever, who knows? We certainly absolutely believe it's there for the long term. There was mention earlier, I think with the PIJI discussion, about the elderly wanting the printed copy, which is true, but it's beyond that; it's a lot more than just the elderly. There is almost a stigma now around newspapers being just for the old people. That is only true to a point. Newspapers are there for people that want journalism and that want to consume it in a printed form, and it's not just the old people, I can assure you. I've personally been involved in start-ups around the country in places where News have abandoned those regional communities, and the thirst and the appetite by communities for a printed newspaper is extraordinary. And the excitement that is felt by those communities when they get a printed newspaper again is just absolutely amazing. If that's anything to go by, it's going to be a long time before a printed newspaper is no longer in a community. The biggest issue is around how you can sustain the cost of it, and that's, I guess, why we're here today—to talk about how that can happen.

Mr Manuel: Firsthand, I, like Paul, have just started a newspaper in a news desert on the Eyre Peninsula in South Australia; it's the western part of the state. I guess they had digital platforms and there was still regional radio and regional TV, but there was no journalism at all. There was no journalist placed out in those areas. So local council got behind basically approaching a few publishers, and that's how this new newspaper was born. But essentially it was from market demand. The regions wanted it and they have supported it as well.

CHAIR: I take that on board. I think it's a sense of self-identity for communities. It's a reflection of who they are in the stories that are told; in the sports announcements; in the birth, deaths and marriages. From my point of view, it's critical. Deputy Chair, do you have some questions?

Ms McBRIDE: Yes, I do, thank you, Chair. Thank you, Mr Manuel and Mr Thomas, for your submission, which really describes the challenges that CPA members are facing in terms of reduced advertising revenues and rising costs as a result of COVID. Obviously COVID was a major event and a pressure point for the news media industry. But is it the case that regional newspapers were facing pressures well before COVID-19? In other words, have the challenges with regional newspapers existed for some time?

Mr Thomas: The challenges were absolutely—there were headwinds long before COVID. COVID unfortunately really led to a number of key elements. Some of those, I think, to be honest, are positive for regional communities, and some of them were really negative for newspapers. One of those is the abandonment of national advertisers. So the few national advertisers that were left—Harvey Norman's a great example. When News closed all their papers, Harvey Norman were probably the biggest spender on advertising in regional newspapers in the country. When News closed, they were basically faced with a situation where they had all of these communities that didn't have a newspaper any longer. So they made a decision at that point to put all their money into the metro markets or the daily newspapers, which everyone would now be familiar with if you read a daily paper. So they were forced into that situation. No-one's blaming Harvey Norman but they made a commercial decision based on the situation at the time. That had a devastating effect for newspapers across the country.

I guess the other benefit that came out of COVID was the closure of some of the newspapers, in regional areas, that had become syndicated and clickbait, and it provided an opportunity for independents to go in with hyperlocal, non-syndicated salt-of-the-earth publications that the community really wanted. I think a lot of communities, particularly in those areas where News Corp had dominated, had gone off in a different direction. They believed in digital. That's fine, that was their business model, but the newspaper had been lost. The heart and soul had, basically, been ripped out. Those communities are now seeing a traditional newspaper, with people on the ground who live and breathe in those communities and have to answer to the people next door. I think it's been a real benefit of what's come out of COVID.

Obviously, Victoria and New South Wales were completely devastated. I know the Victorian government has been amazing, in its support, with its advertising throughout that period. Without that and without the likes of JobKeeper there is no doubt that we would not have any newspapers in Victoria now. There would be very few if there were, and it would be only ones that had backers that were very rich. Places like Mildura, as Dr Webster would be very well aware, closed *Sunraysia Daily* until, essentially, JobKeeper was announced and then the Victorian government also committed to a page a week in regional newspapers.

Those sorts of commitments have been significant. The government support, with the page a week, has not only benefited financially but it's informed communities at a time that's been most crucial to those communities, in terms of needing that communication.

Ms McBRIDE: I found part of your evidence very concerning. It's where you said:

... advertising levels were still 17.6% below 2019 levels, and this was before the impacts of the Omicron variant has had taken effect.

Your submission goes on to say:

While almost every independent regional and rural publisher has an active and contemporary online presence, online-generated advertising is not profitable enough to sustain the business model, and likely never will be on its own. Put simply, the audience in regional and rural Australia is not sufficient to grow online returns, as it is in metropolitan Australia. Without Federal, and indeed State, Government advertising support in the long-term, regional media will continue to struggle to survive ...

As the CPA is talking about how there is a struggle to survive in regional and rural Australia, is the crisis getting better or worse and, if so, why?

Mr Manuel: I believe it depends on what state and the geography of the business as well, the business model. There are a variety of effects. Our membership has gone from 150 or 140 a couple of years ago to now 190, so you could say, while they are growing, perhaps, these businesses now are producing news but they've cut their

cloth to suit. They, potentially, have fewer journalists, smaller staff, and they're still providing that news but they have downsized. There's that but there's also COVID and the COVID lockdowns, and what has been happening has made it very difficult. A lot of our advertisers don't have the confidence to say, 'Well, if we have an event'—that's a large segment of our businesses, live music, restaurants or whatever it might be. That whole sector has had massive difficulty. So we've missed out—while those revenues are down, some of those segments might come back up, but who knows what might happen with real estate or cars. We have so many different spokes or streams of revenue in our businesses. It's a complex business, really.

Ms McBRIDE: Yes. I might go on to some of your recommendations, and helpfully, your submission has included a number to support this sector. Before I go to specific recommendations, I'd like your overall view. Some of the recommendations in your submission are similar to or refer to the ACCC's recommendations in the final report of the digital platforms inquiry, which I believe was delivered to government back in June 2019. In your view, has the government done enough to act on the ACCC's recommendations since 2019? Has the government provided CPA members with the right support and at the right time? Could the challenges facing CPA members have been avoided if support had been provided sooner?

Mr Thomas: Would you mind repeating the last question that you had.

Ms McBRIDE: Could the challenging situation facing CPA members have been avoided if support were provided sooner? Do you want me to go through the other parts of that question as well?

Mr Thomas: I think I get the gist of it. Our request for ongoing support does echo the ACCC's announcements when they finalised their original support, and we've been consistent on saying that we believe that that's the path that government should follow. There was the Regional and Small Publishers Innovation Fund that was set up following the media reform legislation a number of years ago. There was a fund set up specifically to look after publishers under \$30 million. There was a program, I think, that ran for two years. There was a cadet support program, which ran very well, and I note that the minister has announced a very similar cadetship fund about to commence, according to a green paper released a couple of weeks ago, which is very much welcomed. But the small publishers innovation fund took a long time to take off because, I think, ACMA were given the role at the time. They weren't used to doing grants, and publishers were not used to working through grants, either, so it took quite a while to get through that first couple of rounds.

Then, suddenly, COVID hit, and the funds that were left—I think \$34.8 million or thereabouts—were then moved into PING and distributed as part of a \$50 million fund. The concern and issue that we had was that nearly all those funds went to large publishers—actually, large organisations; they weren't even publishers. They were essentially broadcasters. The other publisher that did get a lot of funding was ACM. They got about \$10 million. I think, between all of our organisations, we didn't get that much. So we do have an issue—that funding didn't go where we believe it should have gone. It was obviously at a time of crisis. We get that and understand that, but what we now call on the government to do is to follow the recommendations of the ACCC and continue a PING-type fund that is more targeted and more specific to where it needs to go. That fund probably needs to be around sustainability firstly and then around startups and growth of new media on the second hand.

Ms McBRIDE: I just want to go back, if I could. The chair has just let me know that my line's not good, so you may not have heard me clearly. I'll speak more slowly. I just want to clarify: has the government done enough to act on the ACCC's recommendations?

Mr Manuel: We would like more. It was going well. There was an intended three-year fund. We got the first year of funds, but, as Paul mentioned, the fund changed. This is understandable, but it would be good to have that second year and third year and then, perhaps, a better plan moving from there.

Ms McBRIDE: Chair, if there is time at the end, I may come back to some further questions, but I understand other committee members are probably keen to ask some questions as well.

CHAIR: Ms Bell, are you online?

Ms BELL: Yes. There are no questions from me at this point.

CHAIR: Deputy Chair, did you have one more question?

Ms McBRIDE: Yes, I do. I want to go to the cadetship program. In February 2022, the minister announced \$10 million for a cadetship program, with the eligibility criteria to be released in April. Is this enough to fix the issues facing regional newspapers? What newspapers should be able to access this funding?

Mr Thomas: Is it enough? That's a really hard question to answer. We believe it probably will be enough. It will come down to what the criteria is, who's included in that, how many cadetship opportunities there are and what percentage of funding it's going to be. There are a lot of questions to be answered before we can

categorically say it, but on the face of it we believe it is. In fact, it's a number that we put forward. We absolutely welcome that announcement. It was a great program when it was run last time. Our understanding is that it's going to be similar, and if it is then I think it will be really significant. That goes to the heart of every size of organisation—that really important funding and training of young people to get them enthused and involved in the industry. We absolutely believe that it will be a really good program. As for what newspapers, we're not 100 per cent sure because it'll depend on the criteria once the minister releases that. But we would expect it will include all of our members. We would not know whether it was going to include other, bigger, organisations or not.

Mr Manuel: Is it enough? I might bring up the point that it is good for the cadet part of it, but we did actually ask for other funds which would help run in tandem with that. There are other issues with our industry and our business, and giving us some funding for untrained, unskilled youngsters is a start, but there's a lot to be done as well.

Ms McBRIDE: I want to follow up on that. Do you or other stakeholders have any input into the criteria?

Mr Thomas: Yes, we've had some discussions with the department. In fact, we are meeting with the department later today to try to build some good communication with them. We gave some input.

Ms McBRIDE: I have a last question on media reform. In 2017, when the Turnbull government announced the media law changes, they called it 'a new era for Australia's media' and went on to say:

The government is strengthening Australia's media industry, enhancing media diversity and securing local journalism jobs, particularly in regional areas.

In your view, did the government's media reforms in 2017 help or hinder regional media in Australia overall?

Mr Manuel: They were probably quite pioneering reforms. At the moment, Canada are looking at these reforms. It's pioneering legislation. In no way was it easy to do, and some might have thought it would have been impossible to be exactly where we are now.

Mr Thomas: I think the reference was in relation to the innovation fund period; is that correct?

Ms McBRIDE: These were the media law changes that happened under Turnbull in 2017.

Mr Thomas: I would say the media law changes hindered, but ironically may have helped to some degree. I say that because, at the time, they absolutely provided a great deal more consolidation, particularly with the way Nine ate up what's now ACM—it was then Fairfax. They ate up Fairfax holus-bolus. Ultimately, the changes may have provided the opportunity for those publications to go out again into a mini rural press. I guess it could have—

Ms McBRIDE: To clarify, I wasn't asking about the news media bargaining code; I was asking about the repeal of the two-out-of-three rules.

Mr Thomas: Yes, that's what I was referring to. It enabled Nine, basically, to gobble up Fairfax at that time. That was probably the biggest outcome of it all. I'm trying to recall other amalgamations that occurred. What we do is provide hyperlocal journalism to our local communities. What that reform provided, really, was an opportunity for a range of different types of platforms to work together to provide syndicated content. I don't think it was necessarily good for regional communities, but it may have been good for some of the big media organisations. Whether it had impact on our organisations is probably questionable. We had a lot of concerns at the time that it could and would, but, to be honest, the way a lot of those big organisations went and moved to digital-only, click-bait journalism and syndicated content meant it didn't ultimately have that impact. It wasn't because of some of the decisions they made in terms of gobbling up media; it was more around their business decisions on content and how they saw the future. I think it ultimately probably didn't have impact—as a roundabout answer.

Ms McBRIDE: I guess what I'm really getting at is: in terms of the stated intention, did they secure local journalism jobs in regional areas?

Mr Thomas: Did the media reform laws secure journalism? I don't think I could even answer. Because it didn't have a massive impact on our members, I could only be answering as to how that may have impacted those bigger organisations, which is what the media reform laws were all about, and I don't think that we could really answer that.

Ms McBRIDE: Thank you very much, Mr Manuel and Mr Thomas, for your submission and your evidence.

CHAIR: Thank you for your attendance here today. If the committee has any further questions, they'll be put to you in writing. You will be sent a copy of the transcript of your evidence and will have an opportunity to request corrections to any transcription errors. If you could return that to the secretariat by close of business on Friday 4 March, that would be appreciated. Thank you for your time.

Proceedings suspended from 13:12 to 14:00

BEER, Mr Alexander, Head of Investment and Business Development, West Australian Newspapers [by video link]

DE CEGLIE, Mr Anthony, Editor-in-Chief, West Australian Newspapers [by video link]

GILL, Ms Clare, Head of Regulatory and Government Affairs, Seven West Media [by video link]

CHAIR: We will now resume the public hearing. I call on representatives from Seven West Media and West Australian Newspapers to give evidence. Although the committee does not require you to give evidence under oath, I should advise you that this hearing is a legal proceeding of the parliament and therefore has the same standing as proceedings of the respective houses. The giving of false or misleading evidence is a serious matter and may be regarded as a contempt of parliament. The evidence given today will be recorded by Hansard and attracts parliamentary privilege. I now invite you to make a brief opening statement before we proceed to discussion.

Mr De Ceglie: I'm responsible for the *West Australian* daily newspaper, the *Sunday Times*, 19 regional newspapers and 12 suburban papers. I am also responsible for the websites of these mastheads as well as the very popular PerthNow website. West Australian Newspapers operates as a wholly owned consolidated entity of Seven West Media. WAN's cross-platform reach, which is the measure of its print and online audience, is about 4.5 million readers every month. It's the fastest-growing cross-platform audience in the country according to Roy Morgan. While we measure cross-platform audience, there's no doubt that the newspapers as standalone products are incredibly vital to our business. Put simply, the revenue our newspapers create far outstrips what we can make off digital subscriptions and digital page views, so it's still the newspapers that are paying for the vast majority of the journalists that we hire. These journalists, of course, perform a crucial role in society. They inform, they seek the truth, they cover emergencies and they give a voice to those who otherwise would not have one.

At the heart of our mission is the West Australian community, and that includes all of it. Our regional newspapers mean we inform across our massive state—from towns as diverse as Karratha to Margaret River to Narrogin. In total, we hire about 50 high-quality reporters across rural WA for our regional newspapers. This represents a significant amount of journalists in country WA and, to my knowledge, is not comparable to anywhere else in the country. The only way to replace these journalists would be a significant funding injection to the national broadcaster. We take the responsibility of serving these towns very seriously. We're proud of the fact that we did not and do not plan to shut any regional newspapers during the COVID-19 pandemic. We have stood by these communities when they needed our information the most.

The regional newspapers also play a vital role in training young reporters, and it's often their first job straight out of university. At WAN, we have an informal system whereby young reporters start out in the bush, and, as they grow and develop, they work their way into the metropolitan newsroom. We also use the regional newspapers to train our senior reporters to become editors and to learn the craft of management. The current editors of papers like the *South Western Times*, the *Albany Advertiser* and the *Geraldton Guardian* will be the next senior leaders in our Perth office. However, the sad reality is that these regional newspapers are far less profitable than they once were, and without assistance we will have to raise cover prices, reduce the level of content provided and eventually, and sadly, close mastheads.

For context, over the past five years our regional newspaper annual revenue has declined by 52 per cent, from \$32 million to \$15 million per annum, as local and national advertisers have shifted revenue away from traditional media and into digital platforms. During the same period, our earnings have declined by 82 per cent. All of our 19 regional mastheads are now loss making. We expect a further three mastheads will be loss making in 2022. In summary, we forecast all of our regional mastheads will be loss making from 2023 without significant cost reduction. This decline in revenue and profitability has put our overall regional print business in a difficult position, where we will need to aggressively look at the cost of producing news in regional areas where it's no longer economical. Competition from online advertising, council websites, social media giants and red tape is a significant burden. Other companies who operate in these regions have not been as prudent as we believe WAN has been, and this has also affected things like advertising rates.

As I said, we are turbocharging our digital products across WA, including in regional WA, but online revenue simply does not offset print revenue. And online revenue alone will not pay for the 50 regional reporters that we have spread out across WA serving local communities. The \$1 million we received in PING grants was extremely helpful, and we thank the government for this, but we also feel that not all media is treated the same. Our simple question to the committee is: why doesn't the PING grant take into account the number of journalists employed rather than the revenue created? We believe it would better serve regional towns this way. The PING grant should look after the companies that are putting boots on the ground, so to speak. We would like to make

the point that the government is willing to support large telecommunications providers to invest in uneconomical areas by providing hundreds of millions of dollars in support for mobile blackspot programs. This intervention should also be afforded to the uneconomical sectors of the regional newspaper market.

I've read many of the other submissions, and WAN believes there are a number of suggestions that warrant further review. For example, the PING grant should be permanent with meaningful funding, upwards of the \$50 million provided in the first program. We also believe the suggestion for the state and federal governments as well as councils to have mandated advertising in regional publications is a very good idea. This not only ensures wide distribution in a trusted local news source but maintains an important revenue stream for these local publications.

Finally, the voices test needs to be reviewed in light of the reality of the media markets. ACM suggested flexibility for ACMA to have the discretion to review the voices in each market. We would also suggest evaluating whether the competition regulator, the ACCC, would be a more appropriate regulator for this assessment. We thank the committee very much for drawing attention to this very important issue. I thank you for listening to my opening statement and am more than happy to take questions.

CHAIR: Thank you very much. I'm very curious about the costs to the revenue loss, shall I say, in regional print verses digital. Can you tell us what ratio of your regional consumers actually use digital?

Mr De Ceglie: Yes. I will pass over to Alex, who is better placed with the statistics and the data on that.

Mr Beer: At the moment, our print distribution is the primary distribution for our products. We distribute approximately 177,000 copies per week into regional WA. We also operate 19 regional websites, which act and operate in each of these local markets. These websites have been in place for a number of years and are still building their audiences online. But, if you look at the internal data we have, it suggests that the audience is circa 400,000 unique viewers per month on these websites, which is across the 19 regional mastheads that we operate. So that gives you a feel for the audiences involved.

CHAIR: So 177,000 copies to regional but 400,000 who access the 19 websites?

Mr Beer: Unique audience—that's correct. It's worth pointing out that of the circulation—177,000 copies that are distributed into the regional markets—some go extremely remote. I might add that some of these distribution copies travel hundreds of kilometres to get to their end customers, by plane, train or freight. It's worth noting that each print copy is often read by several end consumers. So whilst we distribute 177,000 copies, each copy might be read by up to four people.

CHAIR: Is there a connection in advertising that's provided in your print media compared with the website? Are people able to expend on both or is it just one expense and you advertise for them by both means? I'm not using my words very well, but I think you know what I mean! Is advertising actually utilised on both?

Mr Beer: Advertising is utilised on both formats. We receive advertising revenue for our digital products and we also receive advertising revenue for our print products. The point I would make here is that of the \$15 million per annum that we generate in total revenue, the vast majority is toward the print product.

CHAIR: So people can have a choice about whether they're going to advertise on your digital platforms—on your website?

Mr Beer: Advertisers?

CHAIR: Yes.

Mr Beer: Yes, our advertisers can advertise across either product.

CHAIR: Are they choosing not to? Do you make less money in terms of the cost to the advertiser?

Mr Beer: I wouldn't say they're choosing not to. I would say that the digital market is particularly competitive and, whilst we have a very competitive product in our local communities, our print product has traditionally been the product that we make the most money from. Historically speaking, in terms of advertising revenue the print products have been the largest.

CHAIR: Has it changed over the last three years?

Mr Beer: It has changed dramatically, and I'll give you some context on that. In the three years pre COVID total revenue decline across our regional business was 11 per cent per year. This is a decline that predated COVID, so it was a trend that was well entrenched in the business. Two years post COVID, we have seen that trend accelerate: total revenue decline in our regional business is now 17 per cent per year.

CHAIR: It seems to me that you're doing quite well in that space.

Mr Beer: I would argue that, compared to our competitors, we're doing well in an extremely difficult market. That's as a result of some very strong structural decline.

CHAIR: Talk me through what digital platforms Seven West Media has agreements with under the news media bargaining code, and has Seven West Media seen any benefit from the agreements to date? Also, combined, what was Seven West Media's experience in negotiating the agreements?

Ms Gill: I'll take that one. We very much welcome the news media bargaining code, and welcome the additional revenue. I just want to state up-front that we wouldn't have got that revenue if the government hadn't intervened with the news media bargaining code.

I can't say much more than that. The terms of it are highly confidential, so I can't go into the spread. But I can say that we have agreements with both Facebook and Google, and that Seven West Media was the first to strike a deal with Google under the looming news media bargaining code. But I do want to stress that it wouldn't have happened without the government intervention.

CHAIR: Thank you. Can you answer how easy or difficult the negotiating process was?

Ms Gill: No, I can't really talk about the details once we started under the news media bargaining code. But I can say that they weren't as meaningful prior to the news media bargaining code looming, and that we didn't strike a deal, obviously. But, once again, they were highly engaged and we struck a deal very quickly once the legislation looks like it was going to go through.

CHAIR: How does Seven West Media ensure that its regional newspapers cover local news? What proportion of print and digital news coverage is tailored to each newspaper, and what proportion flows from capital city coverage?

Mr De Ceglie: I can jump into that. We're pretty proud—that's the word I would use—of our regional publications. Fifty journalists spread across our 19 publications mean that every newspaper has at least two journos in the editorial newsroom of that paper. We are strong believers in what we call the three Cs—crime, court and council—and we're very big believers, on the editorial floor in these regional newspapers, that if you're not looking after crime, court or council then you're probably not doing your job properly. So we're very big on local news. We have paywalls in our websites, so we ask people to pay for a digital subscription for a lot of the content that we provide. The one thing I will say about the paywall is that the stories that get people to click on them and to buy subscriptions to regional journalism, you will find, are always the stories that are about those three Cs that I mentioned.

CHAIR: Deputy Chair, have you got some questions?

Ms McBRIDE: Chair, if you don't mind, I may just hand over to Patrick Gorman, given that he's from WA, so that he has the opportunity to ask questions, particularly since he wasn't able to join us this morning.

CHAIR: Thank you, Mr Gorman.

Mr GORMAN: Thank you, Chair; thank you, Deputy Chair. And thank you to the team from Seven West Media for joining us this morning our time. You say that none of your regional mastheads will be profitable by the time we get to 2023. You've got 50 journalists there. It's obviously part of building up your future journalists across the state. What do the employment prospects look like for someone who is studying journalism at Murdoch Uni today? What are those jobs going to look like in 2023 or 2024? That leads me to the other part of that question: how urgent is it that we need further reform in this space from the federal government?

Mr De Ceglie: I'll start the answer and then I'll pass over to Alex because, as I've said, he's more across the financial numbers. One thing I'd say is that we still believe in these products and we are very proud of these products. What we've done to ensure their survival during COVID has been to—for lack of a better term—spread the load. So because of smart financial management in the metro office we've made sure that that spreads out into the regions, and we're very big on that. So we're very big on making sure that head office works as efficiently as possible, to ensure that we continue our service into the local communities in our regions. We will continue doing that for as long as we can. I will hand over to Alex now, but, to the second part of your question: we can't stress enough that urgent reform in this area is incredibly vital. I'll hand over to you now, Alex.

Mr Beer: I think it's probably worth noting that, whilst we are seeing a number of our regional mastheads fall into loss, we are working as hard as we can to avoid closure where possible. I'll give you an example. In FY16, or five years ago, 44 per cent of our total cost base was in editorial. If we look at that number today, it's now 55 per cent. So the business has worked extremely hard at removing costs, other than with our core product-producing team, which is the editorial team at its heart. So the business and, I think, broadly, the West Australian Newspapers business, is working extremely hard, as it can, to maintain these editorial roles, because we understand they're the lifeblood of our products. However, having said that, we now have a number of loss-making mastheads, within the 19 mastheads, and, as any profit-producing organisation must do, we will continue to look at: where we can no longer make an economic return, the decision needs to be made whether or not we

will close mastheads permanently. So, in answer to the first question, around how urgent this matter is, I would say: it's something that we're going to be dealing with in the next 12 to 24 months, and there's no way around that.

Mr GORMAN: Would that be your time frame for further policy reform or changes, be they across PING, a regional black-spots model for media, or a more secure revenue stream of government advertising?

Mr Beer: I couldn't speak more broadly around the policy response, but, in terms of the actual financial response that our business will make, we will have to make decisions irrespective of policy within the next 12 to 24 months. And, obviously, if policy was to respond and provide some sort of support, then that would help in that decision-making process.

Mr GORMAN: Can I read between the lines that, without a policy response therefore, the likely decision would be to close further print mastheads?

Mr Beer: Well, what I would say is the decision to close mastheads is looming. We won't make a decision lightly, and our preference is not to close mastheads. But if we have, effectively, our regional business loss making from FY23—they're the decisions we'll be looking at.

Mr GORMAN: I want to ask about a proposal we've had from a range of organisations about, effectively, using the government's purchasing power to buy Australian, buy West Australian, buy regional, in terms of advertising. Can you give us a picture for, say, for the *Kalgoorlie Miner* as an example: how much federal government advertising revenue versus state government versus local government goes into those papers? You can give us the consolidated group, if you wish. What do you think needs to be the model for something that gives a sustainable stream of income while also maintaining editorial independence?

Mr Beer: Look, I could probably answer this question. What I would say is that if you look at our total display revenue, which is advertising revenue, and you look at local government as a percentage of that total revenue, as it sits today it is approximately 10 per cent of our total advertising revenue, looking at the broader regional business. I don't have the Kalgoorlie numbers to hand, but I can certainly follow that up. If you look at the trend over the last five years, we've seen a distinct trend of reduction in advertising from a government body. If you were to go back five years and look at the total percentage of advertising we received from government, it would be significantly higher than it is today. And, whilst I don't have the exact numbers, the approximate numbers are that five years ago we had approximately 15 per cent of our advertising revenue coming from government and today it's less than 10 per cent.

Mr GORMAN: Mr Beer, can I ask you to take this on notice, respecting that there may be some commercial-in-confidence aspects here: can you provide any further information about your local government, WA state government and federal government revenues over time, to some extent generalised? That will give a better picture to the committee of what that looks like. I'm also interested in who is doing the heavy lifting here: is it the local councils, is it the state government or is it the feds?

Ms Gill: We'll take that on notice and come back to the committee.

Mr GORMAN: The analogy with the Mobile Black Spot Program at first didn't quite gel with me; obviously, you're trying to expand a capability piece. But I think the point that you make about valuing regional communities is valid. I'd be interested to know: where did that concept come from, and could you expand on it a bit more?

Ms Gill: I'm from the telecommunications sector. Where the telecommunications businesses felt that it was uneconomical to build mobile towers in regional communities, they wouldn't build them. And the government stepped in and said, 'We will help you build them and fund them.' So it purely comes down to economics: where it's uneconomical, the government stepped in. That's where the analogy came from. It's about uneconomical services in regional Australia.

CHAIR: Have you finished your line of questioning, Mr Gorman?

Mr GORMAN: In time I'll have more, but I'm happy to pass to others. I'm sure there are other people who've got questions.

Ms McBRIDE: Thank you to Seven West for your submission and for appearing today. Earlier today there was mention of the Walkley Awards last week, and the Karen Percy the deputy chair of the Walkley Foundation and the federal president for the MEAA national media association gave a speech, which you may have heard, where she said:

There is ongoing uncertainty about the sustainability of many media outlets.

She went on to say:

And we know public interest journalism is still in peril. That's especially so outside of the big cities—

and I suppose you could also say some of the eastern seaboard. First of all, do you agree with this statement; and, secondly, is the crisis facing regional news getting better or worse, and, if so, why?

Mr De Ceglie: I'm happy to take this question. I'll start by saying I think it's inappropriate for me to talk on behalf of any other news company. I can really only talk about what is happening in Western Australia. I just want to reiterate: we're really proud of our regional journalists. We have 50 incredible regional journalists providing incredible information and a standard of news to those communities. My answer would be: at the moment that I think what we're doing is working. I think the public service journalism that most reporters do is fantastic, and they have won awards. I've been the editor-in-chief for three years, and we've won many awards in journalism. The point we're making today is that we're fearful about how long we can continue that. We feel we're doing everything we can to make sure those mastheads in those communities are serviced in the way they deserve. Our fear is that we might not be able to do that forever under the current climate.

Ms McBRIDE: A number of the submissions to the inquiry include recommendations to support the sector, similar to the ACCC's recommendation in the final report of the digital platforms inquiry which was delivered to government back in June 2019. In your view, or that of your news outlet, has the government done enough to act on the ACCC's recommendations; and, if so, why have these measures failed to arrest the ongoing decline in regional media?

Ms Gill: I'll take that one. Over the past decade, governments have done a lot. It's an industry that is rapidly changing and it's hard to stay in front of. We've got to commend the government and the ACCC for their groundbreaking approach to the imbalance in bargaining power in addressing that. News journalism and media businesses have very valuable content which attracts people to the digital platforms, and the news media bargaining code certainly addresses the imbalance there. However, I also want to point to 2017 reforms where, had it not been for changing the 75 per cent reach rule, Seven wouldn't have been able to merge or take over Prime's television assets. We believe it is a much more sustainable model by having a national TV network and taking out some of the costs there, but continuing to deliver local journalism. In fact, due to the trigger events that were put into the legislation in 2017, there will be more journalism provided in local areas in WA due to the merger of Prime and Seven.

Ms McBRIDE: Noting that the 2017 change of that act was welcomed by your media outlets, there's been general industry disappointment with the minister's green paper response, in particular the delay in regulating for prominence in antisiphoning as well as spectrum tax relief. Miranda Ward's—I think it was 7 February—piece in the *AFR* said the industry was underwhelmed and deeply disappointed. Does the ongoing delay on important matters of media reform threaten the provision of public interest journalism; and, if so, how?

Ms Gill: I think the most important thing to point out is Netflix isn't going to cut to breaking news any time soon. It's important that free media is first and it's the regulated media on the television set. We provide over 10 hours of news a day. We provide local news in relation to Prime and we've started putting Prime news on our Seven Plus service. It's really important, as people migrate to those connected TVs and there is cord cutting, that people are going to receive their TV through the connected TV as well as with broadcast. We have to cater for both audiences and we have to make sure that Australians can find their free news and their free Australian content first, so prominence is imperative and anti-siphoning is imperative to ensure that Australians find free iconic sporting events. You just saw that with the Olympics—one wouldn't want to imagine that being put behind a paywall and charging Australians for it.

Ms McBRIDE: I have another question around the media bargaining code. The news media bargaining code has assisted in getting much needed income to some news media publishers, but it's recognised as not being a silver bullet—indeed, it was never intended to be. Are you concerned that the code is not providing much to support smaller regional newspapers and are you concerned about the failure of Facebook to strike a deal with SBS, a national broadcaster?

Ms Gill: I don't want to comment, I suppose, about other particular negotiations that are going on. But what I would want to say about the code is that we have to be very careful about wrapping this up as a public policy good for public interest journalism. This is a competition issue in that we couldn't negotiate with these platforms because of their strong market position in relation to a product of value. Our news content is a product of value, they were deriving value from that and we were unable to negotiate with them. Without actually having this piece of legislation we weren't able to negotiate with them. I can only say that if we, as Seven West Media, weren't able to strike a deal, it only speaks volumes on how the struggle would be for smaller publishers.

Ms McBRIDE: Chair, I have a question on direct funding grants; if there's a chance, I'll come back to it.

CHAIR: Mr Gorman do you have any more questions?

Mr GORMAN: Thank you, Chair. Coming off that comment around Netflix and streaming, one of this committee's recommendations from our previous inquiry on a national culture plan was that there be a requirement on the streaming services that basically a 20 per cent contribution from those streaming services in Australia should exist to ensure that they are putting money in to local content. What would that do? Obviously, you have an interest in the broader ecosystem that exists around things like media, production, creative writing, and I note that you launched your creative writing challenge on the weekend. What impact would something like that have for a newspaper business?

Ms Gill: If I could talk in general for the media, in relation to quotas on streaming services, FreeTV and Seven West Media have been opposed to these due to them driving up production costs. We're already finding it really hard to find good talent and access to the required facilities. My question is: is there a market failure at the moment in this? There are lots of streaming services providing lots of good content. We ourselves provide the most successful drama in Australia five nights a week with *Home and Away*, so there is a lot of good Australian content. In relation to how Australian stories are told, they are told through entertainment formats such as *The Voice*. Our entertainment format shouldn't be discounted, and Australian stories are also told by heroic sporting events. It's a mixture of all of them, but what I would say in relation to quotas—and particularly with the SVODs, the streaming services—is that they are driving up costs because there is a lot of content that's being made at the moment.

Mr GORMAN: A lot of the submissions we've received are about various groups pushing for different types of tax breaks. You mentioned public interest journalism before. There are conversations around whether we should have tax breaks for advertisers and a whole range of things. The federal government is broke, with a trillion dollars of debt. That extends out until 2060. But there is a unique argument, in my view, in the media sector for diversity and, indeed, for regional voices. Can you give us a snapshot of the argument as to where you would see the most effective tax breaks or tax policy changes sitting, if any? Separately, do you believe there's a special argument for tax reform in this industry? I'm sceptical myself

Ms Gill: Alex, did you want to take that one?

Mr Beer: It's probably remiss of me to comment on tax policy towards the media sector. However, what I would say is that, from a regional print perspective, our mastheads are headed towards loss. So it's a little academic to suggest that that's going to assist us in some way because we won't be paying tax. We'll be loss-making. So I think it's probably a lever you could look at, but, given just how critical some of our mastheads are at the moment—and will be—it's difficult to establish whether that would assist at all.

Mr GORMAN: Do you believe it would assist with new entrants? One of the other things the committee is looking at is whether we can get a greater level of diversity and, indeed, new entrants into the media. Do you think that tax policy is the mechanism through which to do that?

Ms Gill: We're talking about new entrants et cetera and wouldn't it be great to get new entrants into the market, but I think what we're trying to discuss at the moment is actually retaining the level that we have, and that's where the focus should be. It would be great to get new entrants, and media diversity is a very worthy and important cause, but, at the moment, we've got current incumbents, whether they be small or big, struggling to remain profitable.

Mr De Ceglie: If I can just jump in with some thoughts too, my final comment would be that we have a mechanism that is working. So, to Alex's point about whether or not we need to look at those levers, the truth is that the PING grant does work. We just think that the pie should be bigger and that we would love for the committee to look into the question: is the right amount of funding going to the people that are putting the most boots on the ground? It's our view that the PING grant is the mechanism that is working and the one that's working fast enough, but the question is: can we make it better?

Mr GORMAN: Thank you. Thank you, Chair.

CHAIR: Thank you for your attendance here today. If the committee has any further questions, they will be put to you in writing. You will be sent a copy of the transcript of your evidence and will have an opportunity to request corrections to transcription errors. If you could please return that transcript by close of business on Friday 4 March, that would be greatly appreciated. Thank you again.

ITALIANO, Mr Joe, Publisher, Collie River Valley Bulletin [by video link]

KIRBY, Ms Bernice Ann (Ann), Editor, Barcoo Independent [by video link]

LANYON, Mr Jamie, Director, Elliott Newspaper Group [by video link]

LANYON, Mr Ross, Managing Director, Elliott Newspaper Group [by video link]

ROBINSON, Mr Glenn, General Manager, Sunraysia Daily [by video link]

[14:38]

CHAIR: I now call on representatives from the *Barcoo Independent*, Queensland, the *Collie River Valley Bulletin*, Western Australia, and the *Sunraysia Daily*, Victoria, to give evidence. Although the committee does not require you to give evidence under oath, I should advise you that this hearing is a legal proceeding of the parliament and, therefore, has the same standing as proceedings of the respective houses. The giving of false or misleading evidence is a serious matter and may be regarded as a contempt of parliament. The evidence given today will be recorded by Hansard and attracts parliamentary privilege. Do any witnesses have any comments to make on the capacity in which you appear.

Ms Kirby: I represent the Blackall Newspaper Group Inc. trading as The Barcoo Independent.

CHAIR: I now invite each of you to make a brief opening statement before we proceed to discussion. We might begin with you, Ms Kirby, if you're prepared.

Ms Kirby: Good afternoon, everyone. I'm the editor and everything—even the cleaner—at the *Barcoo Independent*. It's an independent weekly newspaper based in Blackall in central-western Queensland. We have a proud history of bringing news to the district that dates back to the 1870s under the masthead of the *Barcoo Independent*, from 1870 until 1983, and the *Blackall Leader* from 1983 to 2001. It then became the *Barcoo Independent* again.

We're actually not-for-profit, which is a very different platform, I suppose, compared to everyone else. In our present form, we began as a trimonthly in 2004 after research indicated the local desire for a newspaper with Blackall news as its sole focus. A band of small but determined volunteers turned this into reality, and in 2008 the community of Blackall donated \$60,000 to the Blackall Newspaper Company and worked to enable the paper to grow from one put together by volunteers to a weekly publication put together by a paid journalist-editor—that's me. Is there anything else that you really need to know?

CHAIR: No, that's a very good start, thank you. Mr Italiano, would you like to take it up there, please?

Mr Italiano: I'm the publisher of the *Collie River Valley Bulletin* in Western Australia. The *Collie River Valley Bulletin* is a relatively new title. We launched our publication in September 2020, during the pandemic. We replaced a publication that had been here for 114 years prior to that, the *Collie Mail*. Unfortunately, the *Collie Mail* at that stage was said to be in recess. Obviously, they were obtaining the COVID support et cetera so they remained in recess for a long period of time and subsequently closed down.

The bulletin sounds a bit like that of the previous speaker: it was really a response to public demand for a local paper. As I said, the previous paper had been here for 114 years, and for the six-month period that the town was without a newspaper there was no recording of local news and events—no advertising of deaths and births et cetera, which are all very important in a community of 8,000 to 10,000; circulation was in that region. So that's how the *Collie River Valley Bulletin* was born.

Initially, we started out as volunteers. The initial group that got the paper going included three former editors from the *Collie Mail*, plus a production worker and an advertising sales representative from the former local newspaper. Since then, we've grown sufficiently to move into a town office. We now employ four staff and we're on the lookout for a managing editor just as soon as we can find enough revenue to make such an appointment. But that's out next and logical step.

CHAIR: Which person from the *Sunraysia Daily* will speak?

Mr Robinson: I'll speak, if you like. We sent an opening statement on Friday; would you like me to read that out or would you like me just to summarise it?

CHAIR: You can give a summary of it. We do have that presentation.

Mr Robinson: I'll just summarise. The Elliott Newspaper Group publications have all been in existence for over 100 years, particularly the *Guardian* at Swan Hill, the *Gannawarra Times*, which was an amalgamation of papers, and the *Sunraysia Daily*, which celebrated its centenary in 2020. That was a difficult year. In October, after going through the start of the COVID pandemic in March 2020, we did have to close down our papers and

stand down staff for a very short period. Then JobKeeper came into existence, and that allowed us to reinstate newspapers in each of those markets. *Sunraysia Daily* got going by the following Saturday at one day a week, and we've progressively expanded that to four days a week. In Swan Hill, shortly after JobKeeper began, we re-established that paper as one day a week, and later to two days a week. The *Gannawarra Times* has been re-established as one day a week at this point in time.

It has certainly been a difficult period through the pandemic, and we were having some challenges even prior to that. Besides what the local economy and the media in general are going through, what with competition and whatever in the marketplace, from our perspective, the local newspaper is the journal of record for each of those communities. We are represented in a significant part of Victoria, distributed into about six or seven different shires, including across the river into New South Wales in border communities. There's no local television news in those markets and there's limited radio news. We are the journal of record and the voice of the community in all those areas.

CHAIR: I might start off by asking a question for each of you to answer as you're able. I will start off with *Sunraysia Daily* because they're still on screen. We have had a submitter suggest that we provide tax benefits for local and regional news organisations that maintain local offices with local staff. Do you have a view on that suggestion?

Mr R Lanyon: We need to find a viable business model that allows us to succeed. I'm not completely sure that short-term fixes like that are the answer. We need support from federal and state government in areas of advertising where they're using our products to inform the local people. We're of the quite strong belief that we are the major source of news and information through both editorial and advertising in our markets, and we would think those a better way than tax breaks for a specific industry.

CHAIR: Could you give your views on the PING?

Mr R Lanyon: We were very disappointed with how PING happened and how the original project was organised through Senator Xenophon. The original amount of \$50 million was meant to be for small regional news providers. That changed with the pandemic coming along, and I think nearly two-thirds of it have gone to people like Prime, Austereo, AAP, WIN TV and those large groups. For businesses like ours, considering the amount that we were originally meant to receive—and I know that Ms Webster knows our situation, being our local member—we were disappointed with what we received. Our newspapers are in separate companies but are owned as a 100 per cent subsidiary. That was taken differently, as two newspapers that might have been run through one company, and the amount of PING funding was given on numbers of papers in our situation, rather than percentage of revenues, which was done in other markets. That caused quite a dramatic drop in funding for us.

CHAIR: Someone else has suggested that the PING funding could be adapted for how many journalists you have rather than the number of newspapers.

Mr R Lanyon: I wouldn't disagree with that. We have the equivalent of 17 full-time journalists with us now. You would know as well as anybody the amount that the local TV and radio stations have in the areas where we circulate. So certainly funding like that, which goes straight back into public interest journalism, would be quite a fair way if that sort of funding was available.

CHAIR: Thank you. I'll go to Ms Kirby and then to Mr Italiano with those same questions.

Ms Kirby: I'm sorry, I wasn't around when PING was being offered. I've only been here since September 2020, and we haven't been offered any funding since I've been here.

CHAIR: What do you think about the tax benefit concept for local and regional news organisations to maintain your local offices and staff?

Ms Kirby: I tend to agree with what the previous person said. It would just be better if we had funds coming by editorial and advertising. In our situation, we don't have to make a big profit because we're not-for-profit, but it would be great to be able to employ and pay someone else other than me, if you know what I mean, to even do training so that we can get someone young in to actually take over the reins. We don't pay a lot of rent. We're probably not in the same situation as the bigger newspapers' mastheads are.

CHAIR: Mr Italiano?

Mr Italiano: I'm in the same court as the Lanyons. Although we're a new publication in terms of our age, we replaced a newspaper that had been in the industry for many, many years. We also arrived after the PING conditions were laid down, but what we found when we went to launch was that there was no federal government—or state government, for that matter—money available for new players in the market, yet at exactly

that same time, we saw newspapers in this area, including the local one, being effectively paid to stay closed. To this day that rankles with the six people. Two of us put money in to make sure that we could survive for a few months and just test the market, and the other four were complete volunteers with no business ties at all, and a couple of them are still volunteering to this day.

As for tax breaks, obviously any tax break is a benefit, but we too see the greater benefit being more Commonwealth government advertising. Small publications such as ours—it circulates in a town of 8,000 people, which would give you a bit of an idea of the sorts of economic conditions we work in. In a town this size your potentially biggest advertiser is the federal government, and I've noticed, having spent 44 years in the industry before we launched this publication—and I might add that three of the people that launched this publication were actually retired at the time, so we're actually having a second innings, if you like. Having worked elsewhere over the years, we received a hell of a lot of federal government advertising that doesn't appear to be there now. We do appreciate what we get, but, generally, in the past where we were getting full pages we're now getting 28 by fives and smaller ads. While we appreciate everything, the level of support in government advertising certainly isn't what it used to be.

CHAIR: Do any of the others have a view on that—on federal government funding? The Lanyons can probably tell us about the Victorian state government, who are committed to one page a week, I think.

Mr R Lanyon: That's changed a couple of times at various stages, but the state government have been very strong in their support for all newspapers in regional Victoria over the distance of the pandemic. We get some federal government advertising, but, talking on from Joe's point, it's nowhere near where it was a couple of years ago. The frustrating point about that is that we see a lot of that on social media and places where a lot of our readers don't participate, being probably a town that has an older population. They rely on their local newspaper—because there's no news in the television or radio spectrum—to get all their information. We believe our advertising gets very good cut-through with the readers and we believe that the federal government could get more bang for their buck by utilising regional and smaller papers across the whole of Australia.

CHAIR: What's your view on the current eligibility for the news media bargaining code?

Mr R Lanyon: That was an excellent agreement between Country Press Australia and the federal government and the ACCC, and that's allowed us to play on such a big scale with the ability to punch, I would say, well above our weight. We were very lucky to have some pretty knowledgeable people from a number of newspapers throughout Australia who volunteered their time, working on our behalf, to be able to deal with Facebook and Google on a basis that gave us equal footing when we were sitting in a room with them. So I think that will end up being a great result, hopefully for all independent newspapers across Australia.

CHAIR: Have you seen any of that funding coming through?

Mr R Lanyon: Very close. We're actually on Google Showcase now and Facebook. We've signed our agreements. I know a couple have seen some, but we're expecting it basically any day.

CHAIR: And what about Mr Italiano or Ms Kirby?

Mr Italiano: No, we haven't seen any funding come through. We're members of Country Press Australia and we've followed the developments there, and obviously there are indications that there may be something in the pipeline, but to date we haven't seen any financial benefit at all. But we're hopeful.

CHAIR: Okay. I forgot to ask the Lanyons whether the negotiating process was straightforward. Mind you, you gave a fairly comprehensive answer about the assistance that you had. What about you, Mr Italiano?

Mr Italiano: Sorry, but we don't have any assistance. If it hadn't been for the local community, we certainly wouldn't have started, and we wouldn't be here today. But we've been very fortunate to get the support of the local community bank, who tipped a few dollars in early on to cover our printing costs and the likes for a while. And that was greatly appreciated. We received support from service clubs, and moral support from all over the place. But we haven't received any government money.

CHAIR: Ms Kirby, with respect to the news media bargaining code, have you received help with your applications? Have you applied?

Ms Kirby: No, we haven't applied. Mind you, I take my hat off to QCPA for doing it. I say thank you to everyone that helped it through. We don't put stories up on Facebook, purely because we need people to buy the paper, and we've got a paywall on our website, so they just subscribe to us to read our stories. A lot of our papers get passed around. I get emails from people who I know have not bought a paper, because people will take a photo on their phone and send it through. So we're not in a position to; our budget is so tight. But it is a great idea, and I think it's a wonderful thing that they've done.

CHAIR: Mr Italiano?

Mr Italiano: If I could just comment on that. I could understand exactly why you wouldn't be putting news up online. We're in a similar situation. To get any of this money, we're actually going to have to risk losing circulation by putting things online. We're currently looking at the Facebook proposal, and we have applied; however, that is all dependent on us regularly updating a Facebook and online presence, which—I take the point from the *Barcoo Independent*—does eat into your circulation. Circulation is our single-biggest revenue source. We charge \$2.50 a week for our paper. Without that \$2.50, we would be in serious bother and probably wouldn't be looking to expand; we'd probably be looking to contract. So that's one of the catches for the smaller mastheads.

CHAIR: I might go back to the *Sunraysia Daily* because you've successfully transitioned to both an online platform and Facebook. How have you done that, and what has it meant to your revenue overall?

Mr Robinson: We've put a significant amount of internal resources into that. At one point there, we didn't have control of our own website. We got [inaudible]—

CHAIR: Sorry; I can't hear you very well, Glen.

Mr Robinson: Through one of the programs the government initiated, it allowed us to get funding to establish our own website, so we're now in a lot better control of our products. We've always maintained a paywall. We're certainly active in our newsletters to subscribers, content that's put up on the website as well as what's put in the paper as well as doing some Facebook interaction and other social media to drive subscribers and potential readers back to our website. As Joe indicated, you do need people to be paying for your content, which is either through a subscription to the website or a subscription to the paper. We need that revenue source, as well as advertising, to be viable and sustainable.

As Ross indicated earlier, we have 17 full-time equivalents across our three mastheads working on editorial, which is significantly more than anyone else when there's basically zero at television and maybe one or two in radio—besides the ABC. So, we're allocating the resources there. We want to keep doing that, fulfilling that role, by providing public interest journalism and giving our readers a voice through interaction that way, but it does come at a cost and it has to be viable.

Mr R Lanyon: Glen, what percentage of our revenue would be digital?

Mr Robinson: Digital revenue is still very challenging. We'd be lucky if it's five to 10 per cent of our overall gross revenue, compared to selling our newspapers four days a week in Mildura, twice a week in Swan Hill, once a week in Gannawarra plus what we sell for local advertising, government advertising, real estate advertising and a few other sources of revenue. As far as being revenue, it's still incremental. We're set up to go and we're set up to take advantage of all that, we just have to be careful that we don't convert only existing readers and subscribers and advertisers across to a digital platform only. We're trying to be multimedia; we're packaging it up so that there are options there both for readers and for local businesses in terms of advertising.

A lot of local businesses forego traditional mass circulation media in trying to utilise social media et cetera to promote their wares and business and whatever. How they get cut-through on that in that environment is an interesting one. There are so many other things going on in social media that may not be highly regarded and trusted as a news source, whereas we have to be very careful of what we do in that sphere because our reputation and our brand are at stake. It's what we pride ourselves on, providing quality, credible, trustworthy news and information.

Mr R Lanyon: Just to finish that off, the people who have been successful in the digital sphere as far as subscribers go would seem to be the *New York Times*, the *Washington Post*, the *Financial Review*—the bigger papers that cover a wide range of issues outside their circulation area—whereas smaller publications like ourselves and like the other people who are joining us today, we really only have the sphere of our local area plus a few people who either live there or have interest in a specific area—it might be sport; it might be births, deaths and marriages. They want to check up on who's had babies or, unfortunately, who's passed away. It's difficult for us to grow. Even the people at Swan Hill aren't particularly interested in what's happening in Mildura, apart from the area you're in with federal politics. But, outside those areas, football results in Mildura don't mean much to the people that are reading the digital paper in Swan Hill.

CHAIR: What has changed in the digital platforms or the online subscriptions in terms of advertising? Has that decreased interest in advertising for you?

Mr Robinson: Again, it has been challenging just to get local businesses that maybe don't have big budgets. They may not even have a website or whatever, so it has been difficult to target some of those people and get them involved. Similarly, there are other bigger businesses that maybe use third parties to do their advertising and marketing for them, and their angle is more on the social media type of advertising as opposed to traditional mass

media. Newspapers have been around for a long time. Hopefully they're around for a long time to come. We've certainly had many challenges along the way, and this is just another one that we're working through. Now that we're set up to offer that, potentially, that could help us, but, as I indicated earlier, it's still a small percentage of our overall revenue. It needs to be sustainable at this point in time. But we are trying.

CHAIR: Thank you. What I might do is move to the deputy chair.

Ms McBRIDE: Thank you. It's been really enlightening to hear from regional news outlets, and I want to commend you on your submissions and your evidence so far today. I might start with Ms Kirby. Again, thank you for your submission. I note with some concern that you said that you're struggling. In the submission, you say:

As this town's only local source of news I can say we are struggling. We do not make a profit and most weeks there is only enough revenue to cover costs, nothing for contingency.

The biggest threat to our ability to keep bringing news to our communities ... is lack of working capital, which in turn can be attributed to lack of paid advertising.

We just heard a lot of discussion about that. Do you believe the crisis facing regional news is getting better or worse? If so, why? I'd welcome anyone else on the panel to offer their view as well.

Ms Kirby: My opinion is that it's social media because everyone wants to read everything on social media. I put anyone that advertises with us on our social media site, so I give them extra bang for a buck. We've got an ageing population, though. We're still in those two areas where you've got to appeal to young people and you've got to appeal to the elderly. And we don't have good connectivity out here. So we do; we struggle from week to week. In some weeks, I don't make enough money, but then I make enough the next week to cover it. I'm lucky the committee doesn't bounce me, if you know what I mean. If there's not a lot of stress, I just make sure I do a mental calculation every week and think, 'Well, I've got to work harder next week.'

We've got drought, too. We've got other situations where we've had drought. We've been in drought for eight-plus years. The drought hasn't broken. So you don't feel good chasing the locals all the time, because they're getting chased by the schools, the swim club and the footy club. You don't feel good when you think, 'Well, I'm breaking even,' if you know what I mean.

It's probably more of a mental struggle for me. The committee hasn't come to me and said, 'You must make more money,' but I know that I haven't really made any money since I've been here; I've just managed to break even all the time. It's different, I suppose, because we're a not-for-profit group. It would be really hard if this were your business and you've got a printer machine that you've got to replace. It's contingencies that I worry about. If our printer breaks down—because we print our own with a Toshiba—and if one of the computers goes then you've got to find money. But we do have the avenue, being a not-for-profit, to actually apply for funding. A lot of others probably don't have that. The other people on this panel probably don't have that—I'm not sure. I don't know; it's about the best I can answer.

Mr Italiano: We're not quite in Liz's situation; however, what I'd like to say is that we started this publication not with the intention of making money ourselves or running it forever. However, where we are right at this point in time, it looks like we will be running it forever unless we can make it an attractive proposition for someone to come in and take over. We're trying to establish a publishing business here. We've done the community thing. We've passed that point. We don't really get any handouts and we don't ask for any. We think it's vitally important. I'm closer to 70 than 60. The other people involved in the publication are in my age bracket, so I think it's vitally important that publications such as ours—and there would be many of them across Australia—actually pay their way.

We don't want to be doing this all our lives; we want to go back to retirement. But, you need to have a viable proposition to pass on and you would make a living out of it now if you took it over, for sure, but we just need to put a bit of icing on the cake so it is attractive. It's all about longevity. We want the *Collie River Valley Bulletin* to be here. The other paper was here for 114 years. It would be nice to think that this one will go for some years as well, but it is imperative to us that we establish a viable publication. We pay our taxes, we pay rent, we pay staff—we do all those things. We're a commercial operation that we'd like to see continue.

CHAIR: Mr Robinson would like to give an answer too.

Mr Robinson: From our perspective, initial challenges, obviously, through the pandemic were that it was all that we were able to report on. Unfortunately, things like local sport, other community events and whatever all diminished, if not evaporated completely. The football and netball seasons got underway, got stopped, got underway again and eventually stopped. That was probably over the two-year period or the last two seasons. It's affected other community events, activities and whatever. We worked through that and, even with our local businesses, we created some advertising packages that we hoped would be affordable for them that were

substantially discounted. We did that with a longer term view to, hopefully, their businesses also being sustainable going forward and being able to help us if they eventually paid higher rates to help make our business sustainable.

Our other major challenge is accessing experienced, qualified staff to write stories, be a printer on our press and help sell advertising. So, from an editorial perspective, we've lost about three or four staff in the last 12 months who've moved to local or state government organisations, funded organisations, where they probably get paid 25 per cent plus more to do basically the same job. So, that's been challenging in its own right, to draw people to move to a regional city like Mildura, which is a strong city, but it is a little isolated. To get people to move away from their families, friends and whatever during a pandemic has obviously been difficult, and I think we're still suffering because of that and to get experienced quality staff. For whatever reason, they're just not available in some of those areas locally.

Ms McBRIDE: I just have a question about the general decline in regional media. There have been a range of reviews and inquiries into the news media sector over the past decade. The ACCC digital platforms inquiry was one of many. In your view, individually, as owners or operators of regional news outlets, has the government done enough to arrest the ongoing decline in regional media?

Mr R Lanyon: I'll start. Look, I think we've been through the whole lot. We laid off all our staff early in March—we couldn't do much more than that—the whole lot of them, including ourselves, and then to claw our way back from there—I've been a participant in many of those inquiries you talk about. I think everyone has got the best interests. It's trying to find something that is achievable. All of us here, we all want to serve our communities. If we're not serving our communities with quality, hyperlocal news, then we're not doing our jobs properly, and we need to be able to find a sustainable model to do that. We're at four out of six papers in Mildura, two out of three at Swan Hill, one out of two at Kerang. If we went back to our full models now, we would be unsustainable very quickly. We've just had a 20 per cent increase in newsprint price, because not as much newsprint is being used. So there are challenges in front of us, but, I think like any industry, we've got to help ourselves as well. And I think that it's great to have these things, but it's about coming out with something concrete at the end of them that can be acted upon and that we can get our teeth into. A lot of the time, unfortunately, we're just concentrating on keeping our heads above ground—we pay 60 staff every week here, so that goes out every week. It's something I take very seriously. It's great we're having this inquiry; I just hope something productive can come out of it.

Ms McBRIDE: Do any others on the panel want to offer a view on this? If not, Chair, I will go to my next question.

CHAIR: I think we've done the rounds.

Ms McBRIDE: I just want to get a view around the news media bargaining code. We've heard—and this has been covered in submissions—about this in a lot of the evidence today. For your news outlets in particular, has it assisted any of you? And, if so, to what extent? I know some of you have touched on this earlier, but I want to explore it a little more.

Mr R Lanyon: Percentage-wise, the revenue with everything coming to fruition would be—Glenn? It would be less than one or two per cent of the total revenue. So it's not a lot of money, and it's going to cost us a little bit. But I think it's a very good starting point. We'll get a much better understanding of how the system works. It can go up and down according to how involved we get in what we provide to both Google and Facebook. So that's an interesting point to start at. But it looks like it's profitable money for us, so it will certainly go a way to assisting us to be sustainable and, hopefully, be able to grow.

Mr Italiano: We see a requirement to increase our online presence. However, whenever we dabble in it, we see the obvious fallout, and that gets back to what Lisa was saying before: if you put a lot of your news online, it comes straight back to circulation, and the model that we're running here relies very, very heavily on cover price and newspaper sales. So we're treading very carefully. We understand the times that we're in and we understand that you do need to have some online presence. However, in speaking to long-time publishers such as the Lanyons—as we've heard today—there's not a lot of money to be made out of online publishing. The perception outside the industry may be that there is, but it doesn't matter who you're talking to, it doesn't matter how big they are, the bulk of their revenue has always come from the traditional methods. And, for smaller publishers, online has really just been—we could tackle radio, we could tackle television, but online, the feeling in regional areas, I believe, is that people want to do their Facebook and googling et cetera, but not many of them want to pay for it. As soon as you put paywalls on your news et cetera, it's virtually a red light for potential readers. They are the issues that we face.

Ms McBRIDE: Did anyone else want to make a contribution before I ask another question? No? Before COVID-19 existed, the ACCC recommended \$150 million in direct funding to support news media publishers, and I note from Ms Kirby's submission that direct funding isn't necessary. But have direct funding grants reached the right news media publishers at the right time? In your view as regional news outlets, which news media publishers should get the benefit from funding grants for public interest journalism? Are they large, small, metro or regional? And should grants go to all newspapers equally on a fund share basis?

CHAIR: Ms Kirby?

Ms Kirby: I don't want to waste your time, because, as I said before, I wasn't here then. Out here, we suffer from what we call 'socially distant postcodes'. People don't want to help us. We have no banks; we have a banking agency—our post office. We don't have a lot of services. You'd have to get a really good formula to help every newspaper. It sounds good in theory, I totally agree with it, but the bigger people would need more money than a smaller newspaper. It would just stand to reason; their overheads would be bigger.

Mr Italiano: I'll just comment there; I keep going back to our own experience. I think that the government's funding endeavours have been commendable, but we found it very ironic that, at a time when we were endeavouring to start a business and to employ people, there was just no money available to us, whereas there was money available for people to virtually stay at home and not publish. I know it's a tricky one, but that was the one thing that has haunted us through our first 15 or 16 months of publishing: while we were getting out there, doing things and taking risks, there was no government money available for us.

We did contact Minister Fletcher's office and were told at the time that only registered publications with an ABN at that stage would be considered. Unfortunately, we were just launching so we didn't have a track record. Effectively, it was a recipe to keep people out of the market as much as to keep people in the market, if you know what I mean. Perhaps that's something which could be looked at: where there's no local publication and someone endeavours to start one they could be looked at a little more favourably—that's just a comment.

Mr Robinson: I'll add to that. We do have resources here; we have a company structure that has been going on for over a hundred years. The one thing about the applications—and this isn't going to sound that teachable—is that they're full government applications. For a smaller publication, we would struggle through some of the parts of the applications which we didn't think were particularly relevant to what we were trying to achieve and to what the government was trying to achieve with the project, even if there were parts of what looked like other applications for different subjects and businesses. When you push that down to the smaller papers—I'm a member of the Victorian Country Press board—it becomes so difficult for those smaller publications to be able to complete the paperwork to get what is, in the end, a small grant. It would be very useful to them—we've done a lot of them so I suppose we think we're getting better at them—but they still take a lot of time and resources. In smaller newspapers that's the resources they're utilising to put the paper out every week.

CHAIR: Ross?

Mr R Lanyon: To extend on that: recently, we've been involved with Facebook's CPA Australia program. I think the original question was about equality of funding. That works on a full-time equivalent so, depending on the size of the publication and what projects they put in that application, I think that's how the funding is going to be shared around. That would be on a basis proportionate to the amount of resources you're putting in to your existing business, plus, potentially, ongoing, to maintain that business and do upgrades or special projects or whatever.

The other one that was part of the original PING program was the component for journalist cadet funding, and, to me, that was a win-win because it subsidised, up to a certain level, on a 50-50 share basis between the government and the proprietor, the cost of that graduate journalist, potentially. That is where most journalists start their careers—in a regional newsroom. It was a three-part win because a young person got a job and the government looked good going fifty-fifty with the proprietor, so it was a triple win. That program, for whatever reason, only lasted for the first year of PING, and, as we know, that PING money eventually got siphoned off to commercial radio and TV operators in regional markets. They aren't independent as such, because they're all part of major networks that operate around the country. Some of those, since that funding has been used, have shut down and closed their services and whatever, whereas we're still pushing on as independent regional publishers and trying to make a fist of it.

Ms McBRIDE: Thank you very much to the panel, and thank you, Chair.

CHAIR: Thank you, Deputy Chair. Just to clarify, Mr Robinson, can you articulate how important the cadetship program is to you, as a regional newspaper?

Mr Robinson: It's mainly from the point of view, as I said, that a lot of journalists who go to universities and that, to get a foot in the door, do start in a regional market. A long time ago there were opportunities in TV and radio as well as newspapers, but that's all diminished to the point where the only place they can really get experience in doing a proper journalist's job with public interest journalism working for a publisher is at a regional or rural newspaper. They might end up doing public relations and that, or start off there, but that's not really public interest journalism; that's sort of on the other side to some extent! It gets them a foot in the door. It gets them a career start. Then hopefully they assimilate into that community. They may stay there for the long term, but, as a publisher, we understand that they potentially will move on and maybe go back to where they grew up or whatever. So that's where we need that opportunity to then reinvest and share that investment, and maybe we can attract people to stay a bit longer and attract better candidates. If, together, we're funding it, we can pay a little bit more than probably what we can afford outright at this point in time.

CHAIR: Excellent. Ms Bell, I believe you are online?

Ms BELL: I am. Thank you all for joining us today. I'm the member for Moncrieff on the Gold Coast. I [inaudible]—

CHAIR: I'm sorry, Angie—your connection is so terrible I can hardly hear you.

Ms BELL: That's part of the reason I've just been listening most of the day. Can you hear me now?

CHAIR: Yes.

Ms BELL: Okay. I wanted to ask the panel about the business model of regional newspapers, just to see if we could [inaudible]—

CHAIR: We've lost you again.

Ms BELL: I might have to give up. Sorry.

CHAIR: That is a pity. You could put your questions and we could give them to the panel on notice.

Ms BELL: I've just moved. Is that better?

CHAIR: Yes. We'll hope it lasts a whole sentence! Away you go.

Ms BELL: We've had a lot of rain up here, so the bad connection could be something to do with that. I wanted to put this to the panel around business models. Regional newspapers, I suppose, are a small business model. Is there an opportunity that perhaps regional newspapers may not have necessarily thought about, in terms of diversifying their revenue streams? There seems to be a recurring theme today of sustainability around business models from different revenue sources. Back in the nineties, when I was selling advertising for the *Northern Beaches Weekender*, it was all about advertising revenue, and that's what paid for that particular paper, but I know now we've got digital media et cetera, so your business models in regional Australia would be more diverse perhaps than they used to be. My question is: has there been discussion across regional newspapers for opportunities, perhaps with community partnerships or even with a franchise model that can be applied to regional newspapers, to better preserve your business model and to keep developing it?

Mr R Lanyon: I can answer that question to the best of my knowledge. ACM would probably be the best example of that at the moment in our business. Their business model is rip and tear, pull out the heart of the paper, get rid of most of the journalists and produce, I would say, much weaker papers while concentrating on selling advertising. They have stripped their businesses. If you had a look at Bendigo or Ballarat and spoke to people in those areas, that is the business model they are using. They are using their economies of scale but stripping down provision of services in the regional areas they're supposedly serving. My family has been in this business for 100 years. I couldn't stick around and do that. We have continued to employ as many journalists as we can because we think that's the best way to serve the community and that's the way we will survive the longest—by providing quality, high-parochial news that is of interest and is factual to our readers.

Then there's the other model of sharing. Bundaberg is an example of where the local council has taken over the newspaper there, which was closed by ACM or News Limited. It's now completely council run. I probably shouldn't say this, but it's something that is used by the council and no-one has any checks or levers on what the council are doing. What they say basically goes. Combining with other people in the community can maybe be profitable but it does then start to restrict what can be your individuality and the ability to stay free from any outside influences.

We have cut our staff over the years, fortunately by attrition and people leaving, but we are pretty lean and mean now. We look at other models and amongst the independents we do share a lot of information. I thought I'd diversify and went into the hotel business, but over the pandemic that hasn't been too good either.

Ms BELL: That's funny. I'm just trying to explore blue sky areas, perhaps thinking outside the square in terms of adding another revenue stream to the business model somewhere, somehow. I guess that's my point.

Mr R Lanyon: I will give you an example of what we have done. We purchased a large video stream. It was probably not a smart time to do it, at the start of the pandemic. We hire around field days and things like that so we can go to a field day and say, 'We will sell the advertising, we will do the editorial, we will have the stream there during the event and you will be able to advertise and we will do interviews.' We're trying to move ourselves out of the traditional media where we are and into an area where we can still use our skills—I've been able to write and produce—and hopefully introduce new video streams into our business. We tried new video news but, unfortunately, couldn't attract sponsors to that. We were doing a five- or 10-minute bulletin once a week. I think most of us are open to those sort of things, but it's a matter of being able to make them pay and be useful to the rest of the business.

Ms BELL: Thanks for that response.

CHAIR: Ms Kirby would also like to answer that, Ms Bell.

Ms Kirby: We actually went right back to grassroots because we are quite an historical paper. We have started putting out a range of tea towels—believe it or not!—with all the old adverts on them because people love them and they buy them purely because of nostalgia. They look back and think, 'That's the year I was born.' So we helped our income along last year with that. We are about to do another one with all our stuff from 1936.

Mr Italiano: If I could contribute there—

CHAIR: Certainly.

Mr Italiano: I think the various business models that people talk about work to differing degrees, depending on the markets that they're in. The markets that I see as being vulnerable are the smaller markets, where family-run businesses operate. The major players—it was alluded to earlier today—appear to have made their minds up that, in some instances, it was more profitable to sell the buildings and the real estate than run the local publications. A lot of those have gone by the wayside. I think the real threat here is to small family-run businesses, where you can change business models, but there's a limited market for that particular newspaper. In my experience, the smaller the town, the greater the demand for a local traditional newspaper.

CHAIR: Thank you. Mr Gorman, can we move to you.

Mr GORMAN: My first question, which we have touched on a bit, is about advertising and what advertising you get from local, state and federal governments. I would appreciate it if you could each take on notice some level of breakdown of how much you get from your local government areas, the state government and the federal government. And I'd ask those of you that have been established for a period of time to give us any breakdown in trends in that regard. While I recognise you can't give me all that data now, and I don't want you to spend too much time on it—you've all got businesses to run—if anyone would like to give a short insight into that now, I would appreciate it.

Mr R Lanyon: From an Elliott Newspaper Group perspective, local government has ebbed and flowed a bit. We've got a competing newspaper in our marketplace. So, for a period of time there, they had the contract with the local council. We have subsequently—for the last three years, going into our fourth year—got that business back. So we're working in partnership with them. From a state government point of view, we do get a bit of support from our local Independent member but also through the Victorian Country Press Association and an arrangement they have got with the current Labor government in Victoria through the pandemic; that's been a substantial commitment across all mastheads in Victoria. There has been a lot of discussion and working together to show the benefits of that method of government messaging as well as other mediums that they choose to use. We believe, from the feedback they're getting and that we've received from them, that that is working quite successfully, to the point that, over the last 12 months, they have extended it a couple of times for another six months, and I think it's being extended again as we speak. From a federal government point of view, though, it is very limited. We do get a bit of support from our local federal government member, but from the federal government overall it's been very limited over the last couple of years. There was initially a fair bit through the start of the pandemic, but then it dropped off substantially. I know the pandemic has been the No. 1 priority for the government, but there are lots of other areas they have to manage—the economy and whatever—in Australia. That's where we believe a share of the resource should be allocated to traditional newspapers for that government messaging, particularly for some of the demographics of our readership that don't interact on social media and whatever. But, as a percentage of our overall revenues, all combined they probably make up maybe 20 per cent of our paid advertising revenues.

CHAIR: Thank you. Ms Kirby.

Ms Kirby: With local government we get one page a week, which I negotiated last year and again for this year. From the federal government member we get one ad a month. From the federal government, I see all these ads in other newspapers; they do not advertise with us at all. From the state government, we get revenue from the local Central West health, because they advertise locally.

Mr GORMAN: Thank you. Can I clarify: is that ad that you held up the current climate change ad that is part of the multimillion-dollar campaign that the federal government is running?

Ms Kirby: Is that the one you mean?

Mr GORMAN: Yes.

Ms Kirby: I've cut that out of other papers. I buy the papers and see what's advertised.

Mr GORMAN: That's the government's largest advertising campaign at the moment. So you are not getting any of those ads about climate change, and you are not getting any digital revenue either, on that campaign?

Ms Kirby: No. There is nothing about COVID. I haven't had a federal ad since I've been here.

Mr GORMAN: Mr Italiano?

Mr Italiano: We do receive fairly solid support from our local government, our local shire. They take a full page once a month, and they put through a lot of their statutory advertising with us as well, which is appreciated. The state government is hit and miss—not a great deal. From the federal government, we're getting the low emissions and most of the COVID campaigns, and they're very important to us. All three levels of government are very important to us. Our federal member here takes an ad every second week, which I think is good politics. It's also good for our readership to see that he's active. I'm sure there are people in this market—it's a very big electorate—who, without the newspaper and his consistency in it, probably wouldn't know who their local member is. We could always do with more, obviously, but we are getting supported, and we appreciate it.

Mr GORMAN: Mr Italiano, while I've got you, I was interested in asking you something specifically. While you have had a long career in the news media, as the proprietor of a startup, a new entrant into the market, can you give us a bit more of a view of what were the biggest challenges you faced in trying to start up that you feel federal policy could have assisted with. So much of our focus in this is about saving the furniture—what is left in regional print media—but I'm also concerned about making sure that those communities that don't have a newspaper are able to get one and have hope that they can have their voice in print again sometime in the future. So I'd really appreciate your insights into how we help the next generation of print and regional press.

Mr Italiano: My feelings—and I think they would be shared by people who've had a little bit of time in the industry—are that the larger newspaper groups have abandoned small regional areas. They did that a fair while ago, and it's just steadily progressed. I think COVID was probably the excuse used to close a number of titles—certainly in Western Australia. In my previous role, I actually managed a lot of these publications. But publications at places like Esperance, where there was a biweekly, closed. Collie, where I'm based, had a publication that, until my retirement in 2013, was very viable and very vibrant. However, the owners stripped it of virtually all its editorial resources, so that publication went from a weekly 32- to 40- page publication down to a 16-page paper of which the TV guide was probably the most interesting part. However, it retained its loyal readership. Advertising slowly disappeared, and we're now in the situation that we find ourselves in now, where we're trying to recover all that. There is some advertising that will never come back.

I'm pleased to say that the former publication here was being sold at a cover price of \$1.70 and its circulation was in deep decline. We've launched at \$2.50 and we've remained at \$2.50. Virtually the only way that we can sustain ourselves is hitting up the reader. Advertising dollars are slowly contracting, and they're being shared out. That's the other thing that we have to acknowledge: in the good old days it was newspapers, then it was radio newspapers and then radio, newspapers and television. Now we've got the online presence, which means it's all being split further. But I think that the future of newspapers in small country towns is with locally and independently owned newspapers. Independent newspapers wouldn't do the things that some of the majors have done over the last 20 years. Unfortunately, they've left communities bereft of local news. It's a very sad situation.

Mr GORMAN: I've got one final question for *Sunraysia Daily*, the *Barcoo Independent* and the *Collie River Valley Bulletin*. One of the suggestions put to us by Seven West Media was that we should approach funding of regional newspapers and value them similarly to how we approach black spot funding—that is, for mobile black spots. The suggestion was that what we do as a federal parliament in trying to address communications gaps with the Black Spot Program should also be what we do about regional media. I would be interested in your take on that as a conceptual framework. Is that how we should see, going forward, the role that you play in your communities?

Mr R Lanyon: If I were being cynical, I would say that perhaps the licence fee that Seven West Media no longer have to pay could be reintroduced and spread around the newspapers. I'm sure that would do us the world of good. They've had an enormous advantage with electronic media, and I get a bit teed off with them telling us how to run our businesses. They have had all their licence costs removed, which is hundreds of millions of dollars every year. That was very frustrating. Then to see some of them get money out of PING as well was very hard to handle.

As Mr Italiano said, we're family businesses. We're doing this because we've been in our communities and we respect our communities. Black spot? Call it what you like. That's not a permanent answer. Once you've done a black spot, hopefully, you don't have to do it again. The reality is we're recurring every year. Our businesses are ongoing, as is the *Barcoo Independent*. As Mr Italiano pointed out, if we want to be here for 10, 20, 50 or 100 years, a one-off black-spot fix isn't the answer. I apologise for being a little cynical.

Mr Italiano: I won't be cynical, but I couldn't agree more. We've got more than a black spot on our hands. I think we're looking for more permanency. The ongoing security of the industry is really what we should be trying to address, rather than a dash for cash in the short term.

Ms Kirby: I basically agree with what everyone says. We've got black spots 20 kays out where you can't get mobiles to work. I also know that if I had federal advertising revenue, I would be doing a bit better.

CHAIR: To clarify Seven West Media's point, they were saying that, because of thin markets, regional communities struggle to get good connectivity, and so the government has stepped in to fill the gap. It's not really about the one-off payment. That's how I would understand it. Rather, it's about the government filling the gap for thinner markets where the advertising or the circulation is not available. Is that a fair comment?

Mr GORMAN: That's how I understood it, Chair.

CHAIR: Just to reiterate Mr Gorman's point, if we go back to *Sunraysia Daily* for a second, it's that notion of understanding that regional communities do it tougher in terms of having business viability because of thin markets. Is it an appropriate approach to think that the government should be filling the gap, effectively?

Mr R Lanyon: We talked before about full-time public interest journalist employees. To me, that is the fairest way. Regarding the thing Glenn mentioned with cadets, I'm sure Liz would say she'd love to put someone on. They are the ways that you can help us. I'm sure that, if she got half pay for a cadet, she would be very, very keen to think about getting a cadet sooner rather than later.

I'm trying to get my head around a blackspot. What is it? 'Here's X amount of money'? I don't want handouts; we have to run this business as a business. So we have to find a way, with the assistance. I think the federal government certainly understands the importance of having strong, successful media. But I would hate to see this money then go, as Joe explained earlier, to businesses that really used the pandemic as an opportunity to close down their newspapers and receive money for them. That's not the answer. I see two very passionate people here who are representing their newspapers, and I think they're the people we need to be supporting: those who live in their communities, interact with their communities and want to be part of their communities and make the communities better.

Mr Italiano: Could I add to that too?

CHAIR: Certainly.

Mr Italiano: When we talk about the government supporting smaller publications, I think it's not only supporting the publication; this is actually supporting the community. This is supporting people who want to live in that community. This is supporting people to stay there rather than move off to the city, where they get a whole heap of benefits that you wouldn't contemplate when you live in the bush. You don't want them either; that's why you live in the bush.

But what we're finding—and I think the smaller the community the worse it is—is that people simply can't continue to rely on their local publication to be there beyond the next month or the next year or whatever. I think there's a real need in these communities to have a really vibrant go-getter local publication that knows that it's not there just to survive; it's there to provide a service. Regardless of the online presence, television or radio, in most of these small towns the local trusted source of news is the local publication. No amount of Facebook or any of the other online services will replace that. There's no-one else, basically. When that publication is gone, those communities are really, really hard hit. You only have to go to communities where they've lost their paper and no-one's come forward to see the effect and the impact.

CHAIR: Thank you. Ms Kirby, this is the last second to have a statement. Did you have one on that?

Ms Kirby: I echo what the gentlemen said. It is important to the community. I know it's important to our community to still have our newspaper. People are there. They will be here waiting for me to open the doors on Friday morning, or they'll be at their outlet waiting for me to drop the paper off. It's just a thing. As I said, it will change as the demographics of our society change, but at the moment we still have a lot of people who want that newspaper. They want to feel it. They want to touch it. A lot of people say to me: 'We don't want to be on a screen. We want to have a holiday from working on a screen. We want to be able to pick it up, feel it and read it.'

CHAIR: Thank you. I want to thank you all for your attendance here today. If the committee has any further questions, they will be put to you in writing. You will be sent a copy of the transcript of your evidence and will have an opportunity to request corrections to transcription errors. If you could return that by close of business on Friday 4 March, that would be excellent. Thank you all.

Mr Italiano: Thanks for the opportunity. It's been fruitful.

HESS, Dr Kristy, Professor of Communication, Deakin University [by video link]

RICKETSON, Professor Matthew, Professor of Communication, Deakin University [by video link]

[15:54]

CHAIR: Welcome. Although the committee does not require you to give evidence under oath, I should advise that this hearing is a legal proceeding of the parliament and therefore has the same standing as proceedings of the respective houses. The giving of false or misleading evidence is a serious matter and may be regarded as a contempt of parliament. The evidence given today will be recorded by Hansard and attracts parliamentary privilege. I now invite you to make a brief opening statement before we proceed to discussion.

Dr Hess: Thank you for the opportunity to appear today. An Australian Research Council study, which we're leading, into the future of newspapers forms the basis of our submission today, as well as more than 15 years of research into local journalism. As part of our current project, we conducted a national survey of local newspaper audiences right across Australia. We really wanted to involve everyday people in the policy solutions around local news and understand more about what matters to them. We got about 4,200 responses, and there were several findings I'd like to present here. The first is that when we launched the questionnaire in digital format only we received calls—a barrage of calls, actually—from very upset locals. Others were contacting newspapers directly to air their frustration, because here was yet another attempt, they said, to force people to engage with news online. The results from the survey reinforce this trend, with the majority of audiences still preferring a printed local newspaper. Country press readers overall are 2.6 times as likely to read their paper in print than in digital format, and they view the printed newspaper as an essential service for their community.

Of course, the preference for print was not the only key finding. Ninety-four per cent of respondents want a say about government policies and decisions affecting the future of news. Audiences indicated they are five times more likely to go directly to a local news website for their local news than to Google or Facebook. And, surprisingly, five per cent of younger audiences say they mostly use social media to find out about local news.

Audiences overwhelmingly indicated any additional funding for local news should be directed to employing more local journalists, and 83 per cent said they were in favour of an independent panel to serve as a watchdog for who is eligible for local media subsidies and how such funds are being spent.

All of this is not to say that we shouldn't embrace the digital environment; of course we should. But what it shows is that this is a cultural transition that occurs over time and it really also highlights issues of inequality, especially when it comes to older individuals and those who have poor digital connectivity, which is still a very big challenge in country Australia.

The final and important point I would like to draw attention to is the role that government advertising spend plays in indirectly sustaining news revenues at the local level. The uncomfortable truth here is that each tier of government legitimates and provides oxygen to news and information providers through their advertising spend and we cannot ignore that this is a powerful long-term lever in policy discussions. There has been simply too little critical examination of how this is spent across the country. There are local and state governments denouncing the very importance of advertising in those news outlets that invest directly in public interest journalism. Instead, they are opting to direct ratepayer funds to glossy magazines and newsletters produced by their in-house media relations teams. It is dangerous to democracy if this spending shift means there is no independent scrutiny of local government, which has an annual expenditure of billions of dollars a year.

Legislation that encourages digital advertising only is also concerning. At the same time, we must make sure this revenue is being directed at information providers that are best serving communities. There is only so much taxpayer funding to go around, so we need to engage with our existing money in the system to ensure it is best utilised to foster a vibrant local media environment. Thank you.

CHAIR: Professor Ricketson, did you have a statement as well, or are you combined?

Prof. Ricketson: We're combined, but I would just like to add to what Dr Hess has said. One of the recommendations in our submission from the team is to support, promote, recruit, educate and retain journalists working for rural and regional Australian news rooms. There has been a scheme that was aimed at doing that, which came about about five years ago. It's fair so say that our research has shown it to have had mixed success. This is enormously important, and this is where we come in as providers of training and education for young people to work in the media. We have strong connections with Country Press Australia and we know from our work with them that they are having difficulty finding and sourcing good, quality people to come into their news rooms. We are working on improving that both for the benefit of our students and our graduates and for the benefit of Country Press and also, by extension, for the benefit of the people in the local and rural and regional

communities being serviced. That's another area, to add to what Dr Hess has said, that I think is important and that I would urge this committee to be thinking about as well.

CHAIR: I'll kick off with a couple of questions and then I'll hand over to the deputy chair. In your view, is the definition of 'regional news' still fit for purpose? Is there a distinction between local news and regional news?

Dr Hess: 'Local' is a very slippery concept, as we've all come to understand, particularly in the last seven years, with several Senate inquiries into this very issue. We would argue very strongly that, for those very reasons, we need to return to definitions that align with geography more so than the idea of the local.

CHAIR: In your view, do initiatives like the news media bargaining code support local newspapers?

Dr Hess: It is very tricky to assess, because a lot of these deals that are taking place have commercial-in-confidence agreements around them, but our assessment at this point is: not really for the local sector. I know of some news proprietors for whom the mandatory bargaining code might equate to up about 10 per cent of overall revenue. But, as you've heard from other panellists today, depending on the size of the news room, it's around one or two per cent. So it goes some way. We should all applaud the efforts that have been made so far, but, no, the mandatory bargaining code is not the panacea.

Prof. Ricketson: I can add to that. The head of the ACCC, Rod Sims, was quoted in the media on the weekend, expressing some concern about the fact that insufficient deals had been done with a range of places, including The Conversation and SBS. I think he, among other observers, has made the point that so far it's the largest media companies in the country that have benefited most from the workings of the news media bargaining code, not so much the smaller—independent or just smaller in size—or regional and rural ones. That's what we're focused on. As my colleague said, there's a shortage of information about exactly what the deals are about, how much money is involved, what they're for et cetera.

CHAIR: So CPA haven't given you an understanding of how regional newspapers have benefited—as in local regional?

Dr Hess: Not the dollars and cents, not the spreadsheets, but a lot are still trying to negotiate arrangements. So it is too early to tell, but, anecdotally, we can absolutely see that there's still great disparity across the network, even with something like Country Press, which serves independent newspapers. Some are newspapers that have reach of 3,000 people; others have 15.

CHAIR: How has the regional news landscape changed throughout your project?

Dr Hess: There's COVID, obviously. Our research project came about just before COVID hit. It has had a dramatic impact on the bottom line of regional newspapers right across the country. That said, what we can see very clearly is the tale of mixed fortunes that has emerged. Some news providers are doing okay and others are really struggling. That's because of the inconsistencies in support from things like local council, state and federal advertising spend, which is why we have directed some of our recommendations that way today.

CHAIR: This has come up multiple times today. There is a sense of reliance on all levels of government advertising. Has that got additional focus because of the difficulties for small business through and following COVID, in their lack of funding—loose change, if you like—to advertise?

Dr Hess: The issue of government advertising spend has been a problem since 2000, so long before COVID hit. It has exacerbated this problem, more than anything. We saw different measures being taken across the country. Victoria jumped on board immediately and offered a \$4.5 million advertising package to regional newspapers. That was actually lobbied for by Country Press Australia, by independent newspapers, but of course, as a result, bigger players, like ACM, also benefited from that funding. I think there needs to be a really good, critical assessment of where this money—whether it's subsidies or advertising—is going, to make sure that the players are servicing the needs of their communities as well as they should be.

CHAIR: Excellent. Deputy Chair, are you on board?

Ms McBRIDE: I am, yes. Thank you, Professor Ricketson and Dr Hess, for the evidence presented today and for the submission. I've started off with this question to most of the witnesses today. It appears from the submissions we've received and the evidence given today that many of the challenges to regional media existed before the COVID-19 pandemic. In your view, is this the case, and have the measures that the government introduced helped to arrest the structural decline we've seen in regional media?

Dr Hess: I'll probably end up just reiterating what I've said previously. Yes, these issues have been a problem since long before COVID. Have governments done enough? There are steps in the right direction. But talk to most local news proprietors and editors and they will tell you that they're looking for long-term structural change. Subsidies that are on the table are short term and take a long time to apply for. We need to look at the levers that

are available now that basically support the system for the medium to longer term, such as government advertising spend.

Prof. Ricketson: If I can just add to what my colleague has said, I think one of the things about government advertising in this sense is that it has kind of been a longstanding but largely invisible component of the media spending, if you like, and so governments haven't tended to notice it because it's just been that, by gazette, it has required them to spend a certain amount of money in certain places. They're not the big flashy display ads for a new Toyota or something of that nature, but, in terms of revenue, they're both consistent and useful for a small media outlet, and they've been longstanding. The fact that they've kind of gradually been leaching away through, for example, a local council keeping that money and spending it on its own media outlet, or its own public relations, both robs the local media outlet of that advertising revenue and means the local council puts more of its own view of the world out into the world. There's nothing wrong with that, but you also need intimate scrutiny of what any local council is doing. So that's why it's kind of a subterranean but important part of the media landscape and probably why it hasn't historically attracted much attention in terms of media scholarship and so on.

Ms BELL: I have some questions around the business model that I was discussing with the last witnesses. I wanted to delve a bit into your project, which I understand is to partly 'develop a model of innovation that supports the sustainability of Country Press'. Is that specifically a business model, or is it applying innovations to the current model? Or is there something that these businesses could be doing or tapping into that will make their businesses more sustainable that they currently are not doing? Have you had any findings? I'm looking for some part-solutions for these small to medium-sized country businesses.

Dr Hess: That's a very good question. I guess from the outset we would argue that discussions of innovation in the sector have a digital focus. There's a digital bias when we talk about innovation, when, in fact, innovation is actually also a social good. We are looking at innovation that benefits society across the board, more than just revenue and the bottom dollar of news outlets. I should make that very clear, in terms of what we define as media innovation.

In terms of business models, I note that there's been [inaudible] about the diversification of newspapers, and I do just want to highlight that I've spoken to quite a number of news proprietors and the team has spoken to quite a number of news proprietors, and they are doing everything—we've heard of tea towels, we've heard of jigsaw puzzles, we've heard of cookbooks and we've heard of tourism magazines. They are trying very, very hard to diversify. But the idea of franchising local news—I can say from my very extensive experience in this research space—does not work. It doesn't serve local communities the way that they deserve to be served. So, coming back to innovation, as academics, policymakers and businesses, we need to come up with solutions that ultimately serve communities first and foremost.

Ms BELL: Do you think that that would look like some kind of community partnership? Would it be perhaps merging with local sporting community clubs, Rotary clubs or Lions clubs, or some kind of partnership with a community organisational structure that would benefit these small local papers?

Dr Hess: I think the idea of community ownership—I know there has been talk of models a bit like the Bendigo Bank, that cooperative approach—needs further examination. But don't forget we have community radio; we have not-for-profit newspapers that do exist in this country; commercial media have been a mainstay. I do think we need to look at ways of supporting the entire ecology the best we can.

Ms BELL: Good work. I'm pleased you're looking into this particular area for the small family businesses around the country. Thank you.

Mr GORMAN: Thank you for your submission and for your time this afternoon. I want to get a better understanding of why you think—we talk a lot about this idea that government advertising is the solution, and there's so much there where I definitely feel like we don't leverage government spending in a lot of areas. But why do you see there's so little interest from government in taking more intervention in this space? What's the argument against doing this and how can you, with your knowledge, tear that apart?

Dr Hess: Patrick, I have been pushing this issue for a decade and there has been very little interest. I guess it's because, if we think about it, over the last 15 years, in the relationship between government and media—the fourth estate; keep them separate—the idea of subsidies has really only just been accepted as an idea in the last five years in Australia. That would be fair, Matthew, the last five years?

Prof. Ricketson: Yes.

Dr Hess: And so here we are looking at government advertising spend as perhaps the best illustration of a silent subsidy that has existed for 100 years, but nobody talks about it and it's the money that exists currently in the system. We need to be utilising it and critiquing where it's going across the three tiers of government.

Mr GORMAN: Is part of the solution in the requirements that are put on the media buyers who are doing that work for different government agencies? Is that where you would have the intervention?

Dr Hess: I have heard quite a lot about media buyers being a blocker in the system. There are a few things I would suggest, but the first thing is adjusting the recruitment advertising policy guide. If you have a look at that guide for the federal government, it needs to be adjusted. That's an easy thing to do to change the money coming through the system, because it's encouraging use of online recruitment over print. They say there are instances where local and rural media may offer a cost-effective option to attract local interest, but we need to affirm these guidelines around public interest journalism. It's an easy win.

Mr GORMAN: Where's the easiest place to start? Is it with the big climate change multimillion-dollar campaigns and getting those into the regional press, or is it with smaller campaigns? Is it all at once? Do we start with the big stuff or do we start with the small?

Dr Hess: I think it takes all tiers of government. The closest symbiosis is with the local council. But if there's resistance there, that's immediately problematic for a local newspaper if they're the only independent player in the market. That said, I do want to highlight that this money is in the system and it's fine for us to direct that spend back towards rural and regional outlets. I encourage that. That's what I am fighting for. But, in the process, we need to keep good scrutiny of where the money goes and whether it's going to the right newspapers, the right news outlets, based on their commitment to reporting civic affairs for that community. We aren't doing that. That's not happening at this point.

Mr GORMAN: I'll move on to asking about that question of employment. One of the things that I often feel is that these are real, good-quality jobs in our regions. One of the proposals was this February 2022 cadetship program where we're going to see the eligibility criteria released shortly. Do you have any views on which newspapers should be able to access that funding? Ten million dollars is not a lot of money stretched across the entirety of regional Australia. How do you get the best bang for your buck, and are there enough dollars in the first place?

Dr Hess: I might defer to Professor Ricketson to start that one.

Prof. Ricketson: I can't judge very accurately, I think, whether it's enough money, but I certainly think it's a start. I imagine it could go further. I think I would reiterate the point that we made earlier, which is that the news outlets and news organisations which are in the local areas and are working with their local communities and providing material for their local communities should be the ones that are preferred. Some of the larger news organisations like Australian Community Media, or ACM, and possibly News Corp Australia are not doing as much in the rural and regional area as they used to. So, if you're looking to prioritise where to put your money as a government, I would be recommending putting it with those people who are closely tied to their local communities and are committed to providing news and coverage of significant events and affairs and so on. As my colleague said earlier, some of the large news organisations do a lot of hubbing whereby syndicated news is spread across the whole country. It's not necessarily local news. Yes, you might want some syndicated news, but, if that's the predominant thing that's being provided, in what sense is that much different from, say, reading a national daily newspaper or your state newspaper? You need that local and rural and regional news.

Mr GORMAN: That leads well into another line of questioning I've been asking people across our hearing today, which I'm really interested in. So much of this conversation in Australia is about preserving what's left—saving the furniture and making sure that we don't lose any more of the richness of our regional media voices—but I feel there's an equally important question about how we expand and encourage new entrants into these markets. I'd be interested in your views about what we should be doing as legislators to encourage new entrants—or is that just an idealistic fantasy?

Dr Hess: I hope it's not an idealistic fantasy. I think that subsidies for startups have been an overlooked area so far. Urgently, those that are under two years old do need some level of government support. I'm not suggesting that's in the form of government advertising revenue, because you need to show a commitment to an area and that you are a credible news organisation. So we do need to push some level of support to startups.

That said, there are nuances here, because what I can see is that you have startups that are genuine single operators—it might be someone in a community who has done a journalism degree, or not, and just wants to fill that news gap—but we're also seeing startups that are perhaps more what you would call resurrections, where a newspaper has died and someone else who has the experience and a printing press has stepped in to say, 'I'll do something here.' So, in terms of startups, we need to, again, think about the terminologies in terms of what does warrant support. But I absolutely couldn't agree more. It is a neglected area of this debate so far.

Mr GORMAN: Thank you very much for that. The final question I have is around the digital platforms inquiry. We had the ACCC recommending tax settings for philanthropic encouragement for journalism. The government didn't support that at the time, but we still haven't seen much shifting in that space. Given we've just had a question about spend, do you think there is an effective way of doing tax reform to encourage journalism, or is this going to be a poor-value-for-money spend for people who are just looking for a tax write-off?

Dr Hess: I have to say, the tax subsidies are not our specialisation. We can see value in it, but we've turned our attention elsewhere because we see more effective solutions. We asked in the audience survey simple things like, 'Should your newspaper subscription be tax deductible?' Surprisingly, they said, 'No, not really'. I think it warrants attention but I can't say I'm the expert on that model.

Mr GORMAN: That was going to be my follow-up question, because I saw that recommendation: were the audiences you were surveying people who were long-term subscribers, and they therefore had a lot of value in those subscriptions? Normally you offer people a tax deduction, and they'll say, 'Yeah, why not; the politicians in Canberra can sort out the details of where that money comes from.' It is a surprising thing that people didn't want it. What's your theory behind that?

Dr Hess: Fantastic question! We were stumped too. We sat around as a group and tried to work through why that would be the case. The average respondent to the survey was 60, with a standard deviation of about 14—so we're talking 46 to 74. If you're close to retirement, a tax incentive is perhaps not going to float your boat.

Prof. Ricketson: I will come back to the point I made in the opening remarks: spending some government money to help news media outlets in rural and regional areas employ young journalists—they could be older and more experienced; I'm not excluding them—is a concrete way to assist them to do their work better, whereas for the reader, particularly of these publications, there's not as much at stake for them. In some cases it's a free publication. In some cases it's a small amount of money. They don't mind getting a dollar or two, or whatever, but it won't be 'make or break', whereas our colleagues at Country Press Australia are telling us they are having difficulty sourcing good-quality young people to come and work in their newsrooms. Something that helps meet that need will be more concrete and have more impact as a way of spending some public money on this issue.

Mr GORMAN: Thank you very much for your consideration and insights on that. It's a really interesting area. I appreciate the opportunity to ask those questions.

CHAIR: I have one more question. The need for the fourth estate to be independent is, as we all know, very important. You spoke about the advertising that has been historically provided to media. I would like to raise the issue of the ABC and SBS, and the fact that the government funds them quite extraordinarily. What are your thoughts on that?

Prof. Ricketson: Where do we start! Just on that: the history of the ABC and its relationship with government will tell you there has always been a tension there between the fact that the government runs the ABC and that the ABC, by dint of act of parliament, is required to produce a comprehensive and independent news service. It's inescapable the two organisations are going to run into each other at various points. If the ABC does its job properly, it's going to irritate, or do worse to, the government of the day. That said, there's an act of parliament that protects the independence of their news gathering; there are all sorts of mechanisms through codes of conduct and so on that protect that. But, yes, there is a tension. They do run into each other. But having an act of parliament outlining the ABC's role, and, indeed, SBS's role, is one of the ways that you protect that fourth-estate role that you [inaudible]—which is very important, as you're saying.

CHAIR: Yes, we love the fourth estate! Thank you for your attendance here today. If the committee has any further questions, they will be put to you in writing. You will be sent a copy of the transcript of your evidence and will have an opportunity to request corrections to transcription errors. If you could provide those back to the secretariat by close of business on Friday 4 March, that would be appreciated. Thank you for your time today.

BISSET, Mr Jon, Chief Executive Officer, Community Broadcasting Association of Australia

COLE, Mr Ian, Chairman, WREB Co-op; Community Broadcasting Association of Australia

FRIEDLANDER LIDDICOAT, Ms Holly, Head of Advocacy and Communications, Community Broadcasting Association of Australia

[16:34]

CHAIR: I now call on representatives from the Community Broadcasting Association of Australia, also speaking on behalf of the Local & Independent News Association, to give evidence. Is there anything you'd like to add about the capacity in which you appear before the committee?

Mr Cole: WREB Co-op runs Outback Radio 2WEB and publishes the *Western Herald*, at Bourke in western New South Wales.

CHAIR: Although the committee does not require you to give evidence under oath, I should advise you that this hearing is a legal proceeding of the parliament and therefore has the same standing as proceedings of the respective houses. The giving of false or misleading evidence is a serious matter and may be regarded as contempt of parliament. The evidence given today will be recorded by Hansard and attracts parliamentary privilege. I now invite you to make a brief opening statement before we proceed to discussion.

Mr Bisset: Thanks for inviting us here today. I'm here with Holly and Ian, and Ian is the chairman of WREB Co-op that runs Outback Radio and is also the publisher of the *Western Herald* and is a bit of a case study that we'd like to talk to you about today.

I'd firstly just like to acknowledge the traditional owners of the land on which we are all. For me, that's the Gadigal people of the Eora nation.

As a little bit of background, the CBAA, the Community Broadcasting Association of Australia, represents more than 450 community radio stations across the country. Those stations are reaching people who are underserved by mainstream media and particularly in regional and remote Australia, First Nations communities, culturally and linguistically diverse communities, faith based, youth and seniors communities, and the LGBTIQ+ community. There are over five million people listening to community radio each week, and 80 per cent of our member stations are in regional and remote areas, like Ian's stations, with 25 per cent of people who listen to community radio being in those regional and remote areas. That's 1.6 million Australians.

Over the past five years, we've been seeing a significantly heightened trend in the number of stations reviving or creating local publications or teaming up with emerging hyperlocal publishers. This ensures that communities shall have access to local, targeted news, community information, emergency warnings and those sorts of things. For example, 4RFM in Moranbah publishes a community magazine called the *Moranbah Community News*. It's helmed by a journalist who lost her job at a local paper because of the decline in regional media offerings. It's now the only local publication in the area. Another example is regular Byron Shire *Echo* reporter Mia Armitage also heads up Bay FM's community radio newsroom. Another example is Torres Strait's 4MW has brought which its local paper back to life after it ran its final edition late last year. That station, 4MW, shares its resources with the paper and journalists and works to cover stories from Thursday Island and 14 other communities in the outer islands.

Community media organisations have shown a great deal of innovation and creativity in exploring and developing new ways to deliver news to the communities. Every dollar spent on community radio stations far exceeds its value in benefit returned to the community.

We are very pleased that the government has been funding us. Governments of all persuasions have been funding us for many, many years, and we're pleased to be working with the Department of Infrastructure, Transport, Regional Development and Communications to ensure that the sector's funding remains ongoing and supports new community-driven, value-for-money ways to inform local communities.

I'll also mention that the CBAA has partnered with the Judith Neilson Institute for Journalism and Ideas today to launch an Australian hyperlocal news association, which the CBAA will be incubating for the next three years. The Local and Independent News Association, or LINA, will support the growing number of hyperlocal news providers that have filled the gaps left when regional newspapers closed. There is initial seed funding in place, and we are in discussion with government about some further support to help provide hyperlocal publishers with the capability-building and capacity-building support that they really need.

Mr Cole: Before I start, I should say that I recognise that I'm coming to you from the traditional land of the Ngambaa people, and I recognise them as well. As Jon said, local community media is a very powerful thing,

especially in rural and remote areas like the area that I come from. I thank the committee for having me here today.

Our local newspaper, the *Western Herald*, has documented the events and the history of outback New South Wales since towns were established along the Darling River, and it has been here for the last 135 years. Bourke is one of those places that has a huge history and is a huge part of the psyche of Australians, with great stories. Our papers documented the coming of the Afghan camel trains, the paddle steamers, Aboriginal communities, railways, the wool, cotton and mining industries that have come here, the beginnings of the rural trade union movement, the shearers strike, the Great Depression and two World Wars. When you throw in the fact that Henry Lawson spent time in Bourke and moonlighted for the *Western Herald* for a time under a pen-name, the *Western Herald* has a proud heritage that's well worth preserving.

In 2018, after 130-odd years of operation, the paper was threatened with closure because, basically, it wasn't making money. But our cooperative, which is a community media cooperative, was able to save it by relocating the newspaper to our community radio station to save on costs and get some sort of economy of scale. We have drawn up joint sponsorship packages for both print and radio. We've grown from having 1½ paid local journalists to about five local journalists—in fact, we've got more here at the moment because we've got some interns working for us. Community morale has been lifted, and there's a sense of belonging and purpose created every Thursday when volunteers gather at the radio station to physically put the paper together—that includes students from the high school, the Clontarf Academy and other places.

Without the voluntary effort that we already had at the radio station the newspaper couldn't have continued. We've created this single team and we've shared things together, and we now have this locally produced and locally relevant news service for the outback region that we serve. I think we're a good example of what can be done in rural communities by community media. We look forward to answering your questions about those experiences.

CHAIR: How far advanced are you with the pilot for LINA? How will you reach the large number of hyperlocal news organisations? What criteria will news organisations have to meet to be considered for support by LINA?

Mr Bisset: It's early days. As I mentioned just before, we have launched LINA today. It's been a piece of work that the Judith Neilson institute and the CBAA have been working on for 18 months to two years. That started with bringing together a whole lot of hyperlocal publishers early last year by JNI to talk about their needs and how they could be supported. Then, with an advisory group of 12 hyperlocal publishers, we've arrived at where we are today, with a fledgling organisation. We are in the process of recruiting its first staff member and executive director. It's a small board. I think there's a lot of opportunity to expand. We have had some fabulous feedback today about the launch and quite incredible support from the probably 40 to 50 hyperlocal publishers that have been intimately involved right from the beginning. Some of those are also community radio stations. So we see significant synergies and an opportunity to leverage the nearly 50 years of capacity-building support that CBAA has given to community radio to and provide it to hyperlocal publishers as well. It's a separate organisation and will have a separate membership. Membership is initially going to be focused on online publishers. It's not stopping newspapers from joining, but it's certainly focused on smaller hyperlocal publishers that are beginning to operate out there. Examples—and some of these you might be familiar with—are the *Horsham Times* in Horsham, the *North Sydney Sun*, operating in operating in Lane Cove in Sydney, and the *Bugle* in Kiama. Those are some really good examples of those hyperlocal publishers as well as the amazing work that Ian's team have done at Outback Radio and in the Torres Strait. So it's early days but we hope to be very much focused on helping those types of publishers build their business models to support local journalism in their communities.

CHAIR: Do you have any reflections at this stage about international models that support hyperlocal news organisations?

Mr Bisset: One of the models we looked at was LION Publishers, which is a support organisation in the US. We have certainly looked at that. The conference that the Judith Neilson institute ran last year also had the participation of an organisation out of Wales and the rest of the UK. So certainly, through the work that the Judith Neilson institute and the CBAA have done, we have looked at those international models. I think, whilst it's important to look at those, we also have to remember that we are in a unique environment. Some of those examples are well worth learning from, but we are in an Australian context and we need to look at possibilities. I would say the answer isn't just hyperlocal publishers; it's the amazing work community radio can do to fill some gaps. It's also hyperlocal publishers and then the other media organisations that are also doing very good work out there, like the country press association and obviously ABC, SBS and commercial media.

Ms McBRIDE: I might just pick up on some of the questioning around this new organisation, LINA. What does LINA hope to achieve and, accepting that it's only launched today, how will it work in practice? It does mention in the submission that LINA seeks Australian government funding to support the set-up. I would be interested to know what amount of funding is sought and over what period.

Mr Bisset: We have initial support. The Judith Neilson institute have been very supportive over the initial period and are contributing financial support to get it up and running. It is a new organisation. We are having some conversations with government. I don't, unfortunately, have the presentation right in front of me, but it's in the realm of half a million dollars a year to run the organisation. Obviously, higher levels of money could create greater impact. We're looking at that range of money. It's not going to be a huge organisation, which is part of the reason why CBAA is incubating it—so we can draw on the economies of scales and the expertise that CBAA already has in those areas but also draw on the expertise of existing hyperlocal publishers and some of the work that community radio has been doing in these areas. We're very much focused on capability building, helping hyperlocal publishers build their business models and become sustainable and not reliant on philanthropic or government money just to operate day to day. We're finding ways to build business models that are sustainable.

Ms McBRIDE: I want to follow on from that. You've mentioned capability building and different business models. How does LINA intend to leverage and maximise the value of the existing public investment in community broadcasting?

Mr Bisset: I think the success of LINA is going to be through collaboration. It started off as a collaboration between CBAA and the Judith Neilson Institute. As well, there are several organisations out there—for example, the Walkley Foundation—that are doing work to build the capability of media organisations. I think it's about how we can all work together. LINA will be specifically focused on hyperlocal publications. It's about how we can all work together and maximise that work so that we're duplicating—or so that we minimise the duplication where we can.

Ms McBRIDE: I have a question about news deserts. How exactly will LINA address the emergence of news deserts, and what research does LINA rely on to identify the location of news deserts?

Mr Bisset: The Public Interest Journalism Initiative, which I'm sure you're familiar with, has done a lot of work mapping the rise and fall of news rooms over the last few years. That piece of research is critical in identifying where news deserts are. Also, we're seeing local communities themselves identify where these news deserts are, and organisations like outback radio start to address those issues by moving beyond broadcast to newspapers. The Torres Strait has done that. Certainly, in other areas—for example, the *Horsham Times*—they are beginning to appear where there are news deserts. Now, I think there's an opportunity to identify some of those news desert areas and help facilitate the growth of a hyperlocal publication or help a community radio station that's already in those areas evolve their business model and what they are doing to fill the gap. So I don't think there's one simple solution. I think there are lots of opportunities to address the challenges that are out there, and hyperlocal media community radio is not the total solution. There's a whole lot of different ways that those gaps can be filled. I think there are fantastic examples of how communities can receive the news and information that they need.

Ms McBRIDE: Chair, I'm mindful of time. I do have one more question, but I'm happy to wait until others have had a chance to ask questions, and if there is time at the end I'll come back to it?

CHAIR: No, go ahead, Deputy Chair, and then we'll go to Mr Gorman.

Ms McBRIDE: The ACCC has recommended that there be \$150 million in grants over three years for local journalism, and I understand that it appears the government has announced only around \$85 million to \$95 million so far. I think this follows on from a previous underspend on an earlier fund. Do you or your organisation or those you represent think the government has undersold or underdelivered when it comes to the funding of regional news?

Mr Bisset: I think regional news is a complex problem. I wasn't familiar off the top of my head with those ACCC figures that you've mentioned. I think government funding and philanthropic funding have a really important role to play in the media industry. In community radio, the \$20 million or so that the government invests in community radio has a really important and critical role to play in helping build the capability of community radio. This \$20 million contributes to a sector that turns over well over \$100 million, and that's just community radio.

So I think government support is important. We hope that government, whether that's a coalition government or any other government, continues to support the media industry. Particularly for the organisation I represent here today, the Community Broadcasting Association, the government funding to community broadcasting is

incredibly important, and we're very thankful for the support coalition governments in more recent years and Labor governments in past years have supplied to the sector and to support organisations like Outback Radio.

Ms Friedlander Liddicoat: I might just add to that as well. Early iterations of the different packages that have been announced over the years—through either the ACMA or the Public Interest News Gathering Fund more recently—have not enabled not-for-profit entities to apply. Unfortunately, that has meant that the community broadcasting sector hasn't been eligible for early iterations of those funds. Again, while we're very supportive of the \$20 million that the federal government currently provides to the sector, we think that those pools of money should be for public interest journalism and not just for different types of media industries or organisations. I know that the *Western Herald* as a paper was successful in public interest news gathering, so I understand that was very supportive. But the initial on-the-ground funding for the community radio sector—\$20 million and hopefully \$25 million a year—would make the most impact on our sector and our communities.

Ms McBRIDE: Thank you.

Mr GORMAN: I just have two questions. The first goes to what would be the cheapest and most effective way of government putting in more money for future community broadcasting services. What do you think that package would look like? I might just leave it at that.

Mr Bisset: Holly, would you like to answer that one?

Ms Friedlander Liddicoat: Sure. As Jon's already mentioned, the government funding is currently \$20 million a year. That goes out to 450 stations across the country but also to sector-wide projects like National Radio News. That goes out to 100 stations. There will be an aggregate app launching this year, which will have all the stations on it. We run things like data and insights for the sector.

So that \$20 million currently stretches across our entire industry, and it is vital. But for a long time we've been seeking a small increase to \$25 million, and that additional \$5 million will go directly to stations to really support their operations, whether that's for staff, to deliver better or stronger fundraising teams, to develop digital business models or to update broadcasting infrastructure which is ageing. So that's one aspect—that government funding.

Mr GORMAN: I guess my question is more about what we do to assist new entrants. I find one of the real challenges of the entire conversation about media diversity is that we're constantly trying to save the furniture, and we're not trying to build new, diverse, different broadcasters or papers or other things. I would be interested in what is the effective way based on your experience, because you've obviously all worked with new stations establishing. Where is government's role in that piece of work?

CHAIR: I just interrupt there to point you in the direction of the terms of reference of this committee, which are for newspapers more than for radio stations. So could you answer with that in mind?

Mr Bisset: Yes, definitely. The reason we asked Ian to be with us here today is that his community radio station has published and taken over a local newspaper. I'll answer this in two ways. I think we shouldn't forget the existing infrastructure or stations that are out there. I think there's a real opportunity for existing media organisations to move online or to be involved in their local publications. I don't think the answer is always, 'Let's put a new publisher into a particular area to solve the problem.' It's also about how we facilitate and take existing community media organisations, which are the heart of their communities in a lot of cases, and help them evolve their models.

Also, as you know, there are a whole lot of new hyperlocal publishers out there. Some of those are publishing in print; most of those are publishing online but still playing a really important role in the future of media. It's also about how we help them. A lot of the people running those stations are journalists, who may have worked for a local paper in the past and lost their job as the paper closed down or may have worked for one of the major media organisations in a country area and lost their job as newsrooms closed down. How do we support them to understand how to build a media organisation? And how do they raise revenue? That's going to be the challenge.

Often, the expertise of those amazing journalists that are running those hyperlocal publishers is journalism. Their expertise is not necessarily how to build a business model to support what they're doing. I think one of the roles of LINA but also the role of CBAA is supporting organisations to build their business models to support that and finding innovative ways to build those business models that are going to support that local journalism. I think that one way—not the only way, but one way—government could help is with ways to build those business models to support local journalism.

Mr GORMAN: If I think about RTRFM, which is based in my electorate here in Perth, they are dealing with that digital transformation. They started as a radio station out of UWA. They now have, obviously, online publishing responsibilities. I've helped them get a grant for some infrastructure things, and one of the things I see at that station, which I know is true for media organisations that are trying to diversify, is that they're really

squeezing their physical assets. I'd be interested in your comments around how much of the funding that's currently there goes into capital and infrastructure assets versus just into recurrent costs and whether there's any need for the committee, in our report, to address those imbalances.

Mr Bisset: I was just at a radio station earlier today talking about ageing infrastructure. I think this is a challenge, certainly for community radio stations but for other media organisations too, particularly broadcasters—ageing infrastructure and how we support replacing that over time. In the long run, things would be a lot cheaper to run if we all had brand-new infrastructure, but I appreciate that there's a challenge in that you can't just replace everything at once, and government's not going to just come in and go, 'Here's a whole lot of money to do that.' I think there is a challenge there that we need to work on. I mentioned earlier that we're having discussions with the department of communications around some of those funding issues. Ageing infrastructure is a challenge, as is the transition from when, if you looked at a radio station 10, 15 or 20 years ago, they broadcast just on AM or FM. Now they have to be on AM or FM and on DAB+; there's much more publishing online; some of them, like Ian, have a print newspaper; and there's social media. What used to be one channel is now lots and lots of channels, so there's an increasing complexity, obviously, and there's not necessarily increasing resources or revenues around some of those challenges.

Mr GORMAN: Thank you very much.

CHAIR: Thank you all for your attendance here today. If the committee has any further questions, they will be put to you in writing. You will also be sent a copy of the transcript of your evidence and will have an opportunity to request corrections to transcription errors. If you could please return that to us by close of business on Friday 4 March, we would appreciate that.

Resolved that these proceedings be published.

Committee adjourned at 17:05