

# News Media Assistance Program (News MAP)

Submission to the Department of Infrastructure,  
Transport, Regional Development,  
Communications and the Arts

Thursday 28 March 2024

[Public  
Interest  
Journalism  
Initiative]

## Introduction

The Public Interest Journalism Initiative (PIJI) welcomes the opportunity to make this submission to the Department of Infrastructure, Transport, Regional Development, Communications and the Arts' consultation on the News Media Assistance Program (News MAP).

PIJI strongly supports building an evidence base to guide new policy and assess existing policies and interventions. We have been undertaking work to support this goal since our founding in late 2018.

PIJI is platform-neutral and size-neutral with respect to news supply. With no commercial interests, our activities focus on optimal fiscal and regulatory measures that will support a diverse news marketplace and enable news media to innovate, grow and serve in its role as a public good for the Australian community.

This submission is structured as follows:

- Part 1 provides general comments.
- Part 2 presents key data on the state of the news market.
- Part 3 considers the definition of public interest journalism.
- Part 4 addresses the objectives of the consultation paper.
- Part 5 provides options for consideration, both structural reform and immediate support.
- Part 6 contains Appendix A: Glenn Withers, *Community value of public interest journalism report: Survey 4*, commissioned by the Public Interest Journalism Initiative, March 2024.
- Part 7 contains Appendix B: The Centre for International Economics, *Update on tax concessions for public interest journalism* report, prepared for the Public Interest Journalism Initiative, March 2024.
- Part 8 provides further information about PIJI and the preparation of this submission.

To help inform this submission, PIJI has consulted widely across the Australian news industry over recent months ('Industry Consultations'). A complete list of organisations that have provided PIJI with comment is included in Section 8.

PIJI also has upcoming research and policy research investigations of direct interest to News MAP including:

- Quarterly Australian News Data Report, which discusses trends identified through our ongoing research into the news production landscape across the country (March 2024 issue for release mid May)<sup>1</sup>;

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<sup>1</sup> Dickson G. 2023. Australian News Data Project <<https://piji.com.au/news-mapping/reports-analysis/>>

- The Australian News Sampling Project: 2023 Report, which summarises key trends from PIJ's 2023 assessment of news output by 13 geographic regions, incorporating a total of

64 local government areas, to understand the local character and quantity of public interest journalism production (due for release in April 2024).<sup>2</sup>

We would be pleased to provide further comment as required.

In preparing the following comments, PIJ is guided by the key defining principles that inform all our work: to act in the public interest; to ensure plurality of news production and neutrality of support; and to be independent, practical and evidence-based in consideration of any option.

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<sup>2</sup> Dickson G. 2023. Australian News Sampling Project <<https://piji.com.au/news-mapping/reports-analysis/>>

## 1. General comments

Public interest journalism is vital for a functioning modern democracy. Quality journalism at the local, regional and national level leads to increased civic engagement, more accountable Government and safer, more resilient communities. PIJI strongly supports a better understanding of news production, integrity and consumption across all regions of Australia to ensure its health as a public good and the benefit that it generates for all.

We also note that public interest journalism is an expensive, resource-intensive and time-consuming undertaking, and requires a mix of levers to deliver a sustainable, diverse news ecosystem at all levels. The business models that have sustained news production for decades are increasingly fragile, and are vulnerable to the rapid advance of Generative Artificial Intelligence (Gen AI). The consensus from the hundreds of discussions PIJI has had with members of the news media ecosystem is that public interest news cannot survive without urgent, comprehensive reform.

A two-speed approach to reform is essential; structural changes are required to access sustainable revenue streams that can replace those that are no longer viable, buttressing the foundations of public interest journalism for generations to come. Those changes will take time, however, and news outlets need immediate support to safeguard public interest news in Australia while those necessary structural changes proceed.

That short-term assistance must come at least partly in the form of government assistance. But any distribution of additional public funds must be tied directly and measurably to the public interest. Distrust in, and disengagement from, the news is higher than ever, and rising. It is essential to any regeneration of the news industry that these trends be reversed. A social license to operate is incumbent on players for the purposes of public interest journalism. Government intervention must focus primarily on measurable public interest outcomes, and on transparency of, and accountability for, those outcomes as a means of restoring that trust.

As the information ecosystem becomes more cluttered, and trustworthy information must compete with a deluge of synthetic and deliberate misinformation, our society has never needed high quality news more. A sustainable solution can only be found as a collaborative effort, bringing together government, industry, digital platforms, wider corporate interests and civil society to recognise news as a public good that must be nurtured and protected.

## 2. State of the Australian news market

### 2.1 National data shows ongoing market volatility

Australian news media is at cross-roads. PIJI, through its Australian News Data Project, has demonstrated that the stresses and challenges facing news media outlets have resulted in over 500 changes in four years, including the closures of 150 news outlets<sup>3</sup> - a sharp acceleration from previous ACCC data that showed 106 news closures over a 10-year period (2008-18)<sup>4</sup>.

The macro settings for public interest journalism in Australia remain challenging and uncertain. Industry transformation continues amid a weakening economic climate and investment horizon. Advertising revenue remains a headline risk as news media companies compete for a significantly reduced market share compared to a decade ago<sup>5</sup>. Commercial deals struck with digital platforms under the News Media Bargaining Code are nearing their completion, and Meta has announced that it will not renegotiate<sup>6</sup>. The loss of this commercial revenue will be significant and immediate.

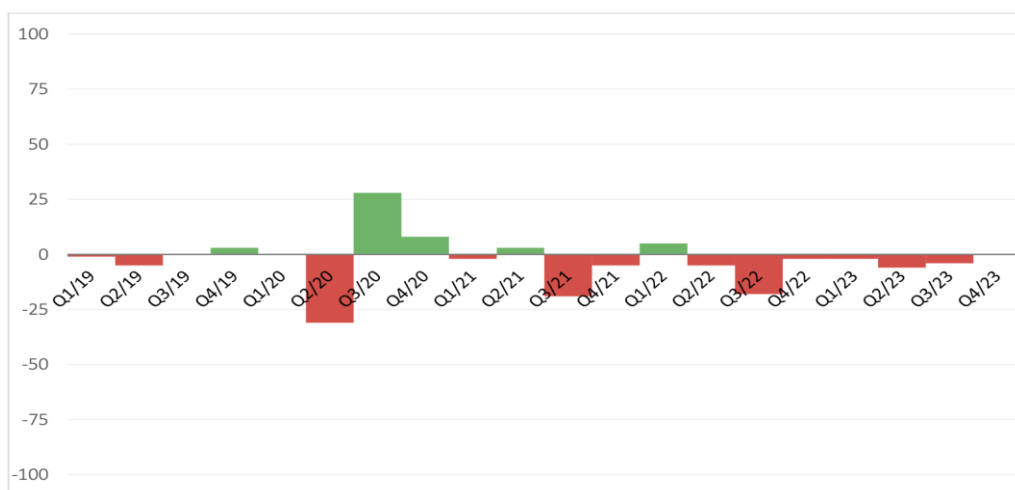


Figure 1: Net Changes in news production by quarter, 1 January 2019 - 31 December 2023<sup>7</sup>

At a more granular level, the graph below of net changes in news production (excluding commencement or end of print editions), pulled from the latest quarterly issue of PIJI's

<sup>3</sup> Dickson G. 2023. *Australian News Data Report: December 2023*. Melbourne: Public Interest Journalism Initiative. <<https://piji.com.au/research-and-inquiries/our-research/anmp/>>

<sup>4</sup> Australian Competition and Consumer Commission 2019. *Digital Platforms Inquiry: Final Report*. Canberra: Australian Competition and Consumer Commission.

<sup>5</sup> Ibid. p. 18.

<sup>6</sup> Roberts G. and Doran M. 2024. Meta won't renew commercial deals with Australian news media. ABC News. 1 March. <<https://www.abc.net.au/news/2024-03-01/meta-won-t-renew-deal-with-australian-news-media/103533874>>

<sup>7</sup> Dickson G. 2023. *Australian News Data Report: December 2023*.

Australian News Data Report, shows that the market saw 151 newsroom expansions and 204 newsroom contractions between 1 January 2019 and 31 December 2023.<sup>8</sup>

Those figures indicate a high degree of market volatility, which was also a prominent theme during PIJI’s Industry Consultations. Participants from a range of outlets noted the fragility and susceptibility to shocks of their news production businesses, noting in some instances that they are budgeting from month to month due to ongoing financial uncertainty.

## 2.2 Geographic data: National, regional and local markets

PIJI’s December 2023 quarterly report showed that 88 per cent of the news outlets in the country (1,064 outlets) were local in scale, of a national total of 1,211 news outlets.<sup>9</sup>

Scale	ACT	NSW	NT	QLD	SA	TAS	VIC	WA	Total
Community	0	4	0	4	1	3	43	16	71
Local	16	358	24	204	81	46	220	115	1064
Metropolitan	0	2	0	2	1	0	3	3	11
State/territory	0	2	0	3	1	2	2	0	10
<b>Subtotal</b>	<b>16</b>	<b>366</b>	<b>24</b>	<b>213</b>	<b>84</b>	<b>51</b>	<b>268</b>	<b>134</b>	<b>1156</b>
National									55
<b>Total</b>									<b>1211</b>

Figure 2: Count of outlets by coverage scale and state/territory, 31 December 2023.<sup>10</sup>

Recent research conducted by SoDa Laboratories at the Monash Business School, in conjunction with PIJI, suggested that local news publishers become unviable when the market size is insufficiently attractive for advertising, identifying low population size as a key explanatory factor in contraction or closure of local news outlets<sup>11</sup>. Given the prevalence of local news outlets across the country, the ongoing fragility of local news businesses is of concern.

Local government areas (LGAs) where large companies in primary (mining) or secondary (manufacturing) sectors are present were an exception in the observed data.<sup>12</sup> The possibility that local news outlets show more signs of sustainability in local areas with high levels of business activity may offer a worthwhile line of further inquiry for researchers.

<sup>8</sup> Dickson G. 2023. *Australian News Data Report: December 2023*.

<sup>9</sup> ‘Local’ is defined as primarily covering a small geographic area, from a single town or local government area, up to a sub-state region.

<sup>10</sup> Dickson G. 2023. *Australian News Data Report: December 2023*.

<sup>11</sup> SoDa Laboratories. 2023. *Socio-economic determinants of Public Interest Journalism in Australia*. Monash Business School, Monash University.

<sup>12</sup> Ibid. p 3.

The volatility at a local level is also reflected in the chart below from PIJI’s December 2023 Quarterly Report, showing that 65 per cent of news outlets that have opened since January 2019 (87 outlets) have been located in regional Australia. That positive news is tempered, however, by the fact that 66 per cent of the news outlets that have closed since January 2019 (100 outlets) have also been in regional areas, as have 91 per cent of the news outlets that reduced their services.



Figure 3: Change types by remoteness and region since 1 January 2019, 31 December 2023.<sup>13</sup>

In addition to the need for short-term relief and long-term structural change, it is imperative that longitudinal, evidence-based monitoring of the state of the news market continues to inform policy analysis and development. PIJI has been delivering this for the past five years through its Australian News Data Project, policy research, and engagement across the news media sector. The value of PIJI’s and other core longitudinal data analysis, such as the University of Canberra’s Digital News Report: Australia as part of the Reuter’s Institute global study, will only increase as the need for reliable evidence to inform policymaking intensifies in response to current, accelerating, and overlapping waves of digital disruption, including from generative AI.

There is a clear need for trusted, high-quality data that enables the identification and promotion of optimal market pre-conditions and policy settings to sustain long term media diversity and financially viable public interest journalism in Australia. This submission advocates for ongoing government investment to support public interest journalism as a priority, including longitudinal data and analysis.

PIJI remains committed to supplying seamless, core industry data as an independent and neutral third-party at arm’s length from government and industry.

<sup>13</sup> Dickson G. 2023. *Australian News Data Report: December 2023*.

We also look to build stronger, long term, research partnerships with government, academia, industry and civil society as the scale and complexity of challenges facing news as a public good and its transformation in the era of GenAI, requires dedicated collaboration.



### 3. Definition of public interest journalism

The Department's consultation paper invites feedback on the definition of public interest journalism to guide the News MAP framework. This issue has been repeatedly considered via multiple inquiries and other forums, providing a strong body of material to use.

Given the broad recognition of news as a public good that has been established in recent years<sup>14</sup>, PIJI urges the adoption of a consistent definition of 'public interest journalism' as practicable to ensure harmonisation across policy and legislation, and clear, measurable public benefit.

PIJI suggests that the 'core news' definition developed in 2020 for the News Media Bargaining Code (NMBC) be adopted as a definition of 'public interest journalism'. This definition incorporated some adjustments from the previous definition developed for the Australian Competition and Consumer Commission's (ACCC) Digital Platforms Inquiry 2019, that specifically acknowledges the unique community cohesion and resilience functions of local news in regional and rural markets.

Such an approach also provides policy consistency and harmonisation to the NMBC legislation, to the accompanying ACMA registration of news outlets for the purposes of the Code and to other recent short-term interventions such as the Department's 2022 [Regional and Local Newspaper Publishers \(RLNP\) program](#).

While the consultation paper proposes using the definition in the ACCC's Digital Platforms Inquiry Final Report:

Journalism with the primary purpose of recording, investigating and explaining issues of public significance in order to engage citizens in public debate and inform democratic decision making at all levels of government.<sup>15</sup>

this definition does not sufficiently capture either pre-existing concepts of public interest journalism nor the various legislative and policy developments since that 2019 report.

Concepts of public interest journalism are heavily informed by a comprehensive literature review by Friedland et al. (2012)<sup>16</sup> produced for the US Federal Communications Commission. That review identified the eight 'critical information needs' of communities, as subjects that must be reported on to ensure that citizens are well and fairly informed:

1. Emergencies and risks
2. Health and welfare

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<sup>14</sup> Australian Competition and Consumer Commission 2019. Digital Platforms Inquiry Final Report, p. 283.

<sup>15</sup> Ibid. p. 283.

<sup>16</sup> Friedland et al. 2012. Review of the Literature Regarding Critical Information Needs for the American Public. University of Wisconsin-Madison.

3. Education
4. Transportation systems
5. Environment and planning
6. Economic opportunities, including jobs
7. Civic information, including local events
8. Political information, especially local governance

These ‘critical information needs’ remain, in PIJJ’s view, a useful guiding framework. In the case of the ACCC report, its definition seems focussed on item 8: political information, and does not appear to capture items 6 or 7 of the critical information needs framework.

Furthermore, within an Australian context, the definition of public interest journalism has been substantially advanced through global-first legislation, the News Media Bargaining Code (NMBC) developed by the ACCC. The drafting of the legislation was informed by submissions to the ACCC from local news media, academia and civil society<sup>17</sup>, that emphasised the important role of community reporting, including profiles of local individuals, schools, obituaries and community sport. The resulting Code definition of ‘core news’, an adjacent concept, is:

Content that reports, investigates or explains:

- (a) issues or events that are relevant in engaging Australians in public debate and in informing democratic decision-making, or
- (b) current issues or events of public significance for Australians at a local, regional or national level.<sup>18</sup>

This ‘core news content’ concept broadens the focus to include both ‘current issues or events of public significance’ (and thereby capturing a wider range of potential impacts from the previous ACCC concern with ‘democratic decision making’); and a consideration of scale – ‘local, regional or national level’ – which makes explicit that news stories can be important even where they don’t impact an entire state or the country as a whole.

These additions to an understanding and definition of public interest journalism recognise that coverage of local communities, and the issues and events that are important to them, is an essential function of news.

The harmonised use of a definition of public interest journalism is also an important consideration. Though the NMBC is currently dormant, the ‘core news’ definition has since been used as an eligibility factor for the Department’s 2022 RLNP program, which provided \$15m to

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<sup>17</sup> See submissions to ACCC’s News Media Bargaining Code consultation paper, July 2020, including Country Press Australia; Collective submission from 88 regional, state and national news publishers; Centre for Media Transition; Public Interest Journalism Initiative and the Judith Neilson Institute For Journalism and Ideas joint submission

<sup>18</sup> Treasury Laws Amendment (News Media and Digital Platforms Mandatory Bargaining Code) Act 2021; <https://www.legislation.gov.au/C2021A00021/asmade/text> at 52A Definitions

support print media through a period of newsprint price increases<sup>19</sup>. PIJI also used this definition in the development of its guidebook to implement and claim a public interest journalism tax rebate<sup>20</sup>.

PIJI has developed and adopted the following eligibility criteria and definitions for the purposes of our news mapping and indexing developed over the past five years. To be included in PIJI's industry data, an eligible news outlet must meet each of the following criteria:

- (i) primarily and regularly produce original public interest journalism;
- (ii) and that such content is produced:
  - a. at a local, metropolitan, state or national scale, and
  - b. for a public audience;
- (iii) adheres to identifiable professional and ethical standards.

And meet the following definition of 'public interest journalism':

original content that records, reports or investigates issues of public significance for Australians, issues relevant to engaging Australians in public debate and in informing democratic decision making, or content which relates to community and local events.

The most meaningful difference between this definition and others is to exclude 'explains' as a relevant activity, as PIJI's focus is on the production of original reported journalism, not opinion or analysis content. Our interpretation of the relevant issues is informed by the eight critical information needs and grouped into four pillars of public interest journalism: government, courts & crime, community, and public services such as health, education and emergency.

Should the Government choose to develop a new definition of public interest journalism, PIJI recommends it clearly incorporate the eight critical needs of local communities, and in particular, the importance of community reporting as a function of local media. We also suggest, as per previous recommendations, that any definition of public interest journalism should require adherence to professional standards, including being subject to an external complaints body<sup>21</sup>. We also highlight that it is the 'reporting' function of public interest journalism that provides the identified public benefits, and that is the most labour intensive (and therefore expensive) function. As PIJI has previously submitted,<sup>22</sup> a healthy news

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<sup>19</sup> Department of Infrastructure, Transport, Regional Development, Communications and the Arts. 2022. Regional and local newspaper publishers program. <<https://www.infrastructure.gov.au/media-communications-arts/media-industry-programs/regional-and-local-newspaper-publishers-program>>

<sup>20</sup> PIJI. 2020. *Guidebook to implement and claim a public interest journalist tax rebate*. Melbourne: Public Interest Journalism Initiative. <<https://piji.com.au/other-research/public-interest-journalism-tax-rebate/>>

<sup>21</sup> PIJI and the Judith Neilson Institute for Journalism and Ideas joint Submission to the Treasury Laws Amendment (News Media and Digital Platforms Mandatory Bargaining Code) Bill 2021, January 2021; Submission to the Treasury Laws Amendment (News Media and Digital Platforms Mandatory Bargaining Code) Bill 2020 (Exposure Draft), August 2020; Submission to the Mandatory News Media Bargaining Code Concepts Paper, June 2020.

<sup>22</sup> PIJI. 2023. News diversity & localism measurement framework: submission to the Australian Communications and Media Authority, p 10.

ecosystem could exist without the 'explaining' function; but no healthy news ecosystem could exist without the 'recording, reporting and investigation' functions. We also submit that it would be preferable for any new definition be harmonised across other relevant schemes and legislation to optimise measurable public outcomes.

## **Recommendations**

1. The framework defines 'public interest journalism' according to the definition of 'core news' already in use under Australia's News Media Bargaining Code, to recognise the importance of community and local scale and ensure harmonization with existing legislation and recent policy interventions.
2. The definition of 'public interest journalism' be adopted in a consistent manner for legislative and policy purposes to optimise measurement of public benefit.
3. In the event a new definition of public interest journalism is adopted, that it incorporates the eight critical needs of local communities, including the importance of community reporting; require adherence to professional standards, including being subject to an external complaints body; and highlight its 'reporting' function.

## 4. Objectives

PIJI understands the four identified objectives in the consultation paper as aligning closely to our future research priorities and objectives, namely:

- News supply (Access, Media Diversity)
- News integrity (Quality)
- News demand (Engagement)

As we look ahead, more research collaboration and partnerships will be required across academia, civil society and government to deliver the substantive longitudinal analysis needed to inform both the contemporary development news as a public good, and drive sector transformation and societal engagement.

Under this framework, our definitions are slightly different to those presented in the consultation paper. We will describe these differences in our response.

### 4.1 News supply objectives

#### 4.1.1 Access

The Access objective is described as recognising that public interest journalism must be available to support democratic participation; that it must be available both freely and on commercial terms, and that it must be relevant to locations and issues.

Access to news is an important objective, though we consider that the objective as defined overlaps with:

- a. the media diversity objective: that news content must be relevant to locations and issues; and,
- b. the quality objective: that journalism must be responsible.

PIJI agrees that the access objective should focus on 'all Australians should have access to news services, regardless of financial means or location'. Any intervention to ensure greater access should consider the impact on the local market structure. It is important that the government not unduly disadvantage existing commercial and not-for-profit news organisations nor create unreasonable barriers to entry for new operators.

#### 4.1.2 Media diversity

The Media Diversity objective states that no one individual or entity should be able to substantially define the news agenda, and that media plurality is necessary for the public interest.

In this, the media diversity objective returns to a traditional position of understanding media diversity through the lens of media ownership only. Ownership diversity is important as it

mitigates the risk of a community being left without any news if a monopoly operator leaves the local market: if one producer closes, others remain to potentially fill the gap.

As of 31 December 2023, the Australian News Index lists 678 news entities which operate 1,211 print, digital, radio and television news outlets. The overwhelming majority of business entities (534, 79 per cent) only operate a single news outlet. There are 16 business entities that are linked to seven or more outlets. The number of outlets operated by this category has a very large range: between seven and 57 per news entity.

Entity Type	Subtotal	%
Australian private company	371	54
Other incorporated entity	173	26
Individual/sole trader	29	4
Discretionary trading trust	27	4
Australian public company	27	4
Other unincorporated entity	17	3
Co-operative	13	2
Other	21	3
<b>Total</b>	<b>678</b>	<b>100</b>

55 per cent of news entities operate as private companies, 26 per cent as other incorporated entities, including trusts and partnerships. Only 4 per cent are public companies.

PIJI estimates that the largest media companies by holdings are News Corp (115 news outlets, 9 per cent), Southern Cross Austereo (98, 8 per cent) and Australian Community Media (68, 6 per cent).

Figure 4: List of Australian news entities by type

Ownership is just one factor

when it comes to the diversity of news, however, and cannot be analysed in a vacuum.

The reach of the entity is important: an entity that owns a single local newspaper with a readership of 200 is not comparable in reach or market share to an entity operating a single metropolitan television station.

The productive capacity and editorial interests of an entity or news outlet are also important factors. PIJI notes that regulatory efforts to increase media ownership diversity have in the past assumed that a diverse group of owners will inherently mean a diverse set of content. Though potentially true in some instances, PIJI submits that this cannot be taken for granted and the objective to ensure media diversity must include the independent measurement of content diversity.

PIJI conducts a content assessment of this kind through its [Australian News Sampling Project](#). Launched in August 2022, the ANSP targets multiple local government areas each month and captures print and digital news production within an assessment framework. As of 31 March 2024, more than 9,000 news stories published across 78 local government areas will have been assessed.

The ANSP includes 130 different topics, and any single news article can be allocated to up to four each. These topics are divided by whether, on PIJI's assessment, they constitute public interest journalism (topics relating to government, courts and crime, public services and community) or if they do not (topics relating to arts and culture, national sport, food and fashion, property and other). As news stories can be coded against multiple topics, PIJI's method allows stories at the intersection of a hard news topic and a soft news topic to be counted as both: arts and culture may not be public interest journalism, but a story about the Federal Government funding for the arts would be.

Across the first sample periods, we have observed that public interest journalism production is present at some level in every community that we have assessed. There are two main caveats to this finding:

- Different news outlets display different editorial priorities, and it is relatively common for an outlet to focus on one element of public interest journalism rather than others: for example, extensive community coverage with less focus on local government. Consequently, a consumer with limited variety in their news diet may not receive all the information available to them about their local area.
- Though public interest journalism as a whole has been present in all of the markets we have sampled, we have consistently found court and crime reporting to be far lower than other topics, and entirely absent at some outlets.
  - Our dedicated study of court reporting in regional New South Wales completed in October 2023 suggested that independent local news, both traditional print and new digital, are not meaningful producers of court reporting<sup>23</sup>.

PIJI recommends that the government prioritise longitudinal, independent data capture and analysis of media content diversity across local markets.

## Recommendation

4. The Media Diversity objective explicitly includes consideration of content diversity as well media ownership diversity among other factors.

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<sup>23</sup> Dickson G., Costa J., Germano M., Gattermayr S. and Des Preaux J. 2024. *Australian News Sampling Project: 2023 Report*. Melbourne: Public Interest Journalism Initiative. [Forthcoming]

## 4.2 News integrity objectives

### 4.2.1 Quality

The Quality objective states that content should be accurate, impartial and of high quality. It notes the risk of misinformation and states that quality objectives are not limited to public interest journalism but apply across all news content.

News quality objectives are an increasingly important issue. The Digital News Report 2023 found that the top reason that people pay for news is because they consider it to be of quality and that Australians are much more concerned about misinformation (69 per cent) than the global average (54 per cent).<sup>24</sup>

PIJI supports interventions that improve public interest journalism outcomes. We have recommended repeatedly that government support – through grant schemes, a tax rebate or credit scheme or the News Media Bargaining Code – should incentivise commitment to professional standards, to help generate public trust through transparency and accountability.

PIJI has recommended that definitions of news businesses for the purpose of such interventions, should include the expectation that the news producers have relevant editorial codes of conduct, are members of co- or industry-led regulatory bodies such as the Australian Press Council, and are subject to independent external complaints processes.

With the rise of generative AI, there is a real risk that the information environment will be polluted by false and misleading misinformation. PIJI views assertive action by industry as critical to safeguard the national information environment. It is essential that news companies publicly reinforce their commitments to professional standards to clearly differentiate their journalism from low-quality and false content. This, we argue, would have a positive impact on the public's trust in the news sector, and potentially their engagement in, and willingness to pay for journalism.

The role of government in ensuring quality news should be limited, however, due to clear concerns about freedom of the press and the subjectivities involved with assessment.

PIJI recommends that high-level incentives, such as access to grant schemes, may be tied to membership in a co- or industry regulatory body, for example, but it is not appropriate for government or its agencies to assess individual pieces of journalism or journalists.

PIJI is actively developing work in this space, and will be engaging with industry to build a framework into its database of 'integrity markers', or production indicators that suggest quality news. While it is not possible to assess every individual piece of public interest journalism, we

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<sup>24</sup> Park, S., McGuinness, K., Fisher, C., Lee, J., McCallum, K., Cai, X., Chatskin, M., Mardjianto, L. & Yao, P. 2023. *Digital News Report: Australia 2023*. Canberra: News and Media Research Centre, University of Canberra.p. 13.



will instead attempt to achieve greater transparency and accountability into production processes. We expect to develop and consult on this pilot within 2024.

## 4.3 News demand objectives

### 4.3.1 Engagement

The Engagement objective is described as a role for Government in fostering civic engagement and trust in both government and media, as well as supporting Australians' ability to interpret and contextualise information.

News demand objectives are important. This has not been an area of particular research focus for PIJI. We have relied on the research of partner institutions, and particularly the Digital News Report produced by the University of Canberra, as a world-leading study into Australians' engagement with news.

We note in particular the Digital News Report's findings that interest in news is falling, and changes in news avoidance and concern about misinformation are above the global average. Positively, Australians are increasingly paying for news, and trust in news is above the global average<sup>25</sup>.

PIJI has conducted four surveys of Australian audiences focussed on the importance that they place in public interest journalism production and their willingness to pay for it via taxation mechanisms<sup>26</sup>. The fourth Community Value Survey, conducted in February 2024, is published in Appendix A.

We also note that this objective asks whether government has a responsibility to assist citizens to critically engage with information. Though it is not a focus of our work, PIJI is supportive of greater efforts towards improving media literacy.

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<sup>25</sup> Ibid.

<sup>26</sup> Survey periods: October 2019, April 2020, October 2020, February 2024. <<https://piji.com.au/other-research/community-value-surveys/>>

## 5. Measures for consideration

PIJI believes a two-speed, proactive policy approach is needed to ensure the sustainability of public interest media at different levels across Australia.

PIJI welcomes recent federal government initiatives that look towards industry transformation, such as the News Media Assistance Program (currently under industry consultation) and the development of a media diversity measurement framework. A number of participants in PIJI's Industry Consultations noted that the structural reforms and innovations considered and recommended in previous inquiries over the past decade have not yet been realised, so PIJI applauds the Government's enhanced, comprehensive focus.

There is a compelling case for a mix of interventions - short- and long-term - to help equalise the market, following continued news market volatility and contraction over the last five years. PIJI supports policy analysis and development that:

- is evidence- and principles-based
- takes into account:
  - Structural elements of news markets including characteristics of public interest journalism production: metropolitan/ regional; large/SME outlet/entity; retail/wholesale; startup/incumbent; commercial/public service/not-for-profit; news scale (i.e. national, state, metropolitan, local)
  - Changing market conditions and consumption patterns, including media convergence and rapid digital disruption
  - Short verses long term need
  - The social license to operate for all interested parties
- is accountable and transparent
- is tied directly and measurably to the public interest.

PIJI also favours routine, public reporting of aggregated outcomes associated with this public good.

Recognising that some of the options proposed below remain under consideration from previous inquiries, we note that the success of any long-term reforms will depend upon collaboration between all interested parties, including government, industry, digital platforms, academia, and the community, including broader corporate and philanthropic interests.

PIJI remains ready to assist government and industry in developing and effecting practical solutions to stimulate new revenues, innovation and diversity in news and that provide tangible public benefit.

## 5.1 Community value for public interest journalism

Since 2019, PIJI has commissioned an ongoing series of community value surveys to track Australians' support and willingness to pay for public interest journalism through tax mechanisms, undertaken through Essential Media surveys.

This survey series has established evidence-based reference points for research and policy pre-, during and post- the COVID-19 period, with the first three Community Values surveys undertaken in October 2019, April 2020 and October 2020, followed by a fourth survey in February this year.

It is important to note that each survey in this series was subject to markedly different economic and other factors, which may have impacted public perceptions and reactions to the questions posed and require further qualitative investigation.

The key findings identified from the latest survey include:

1. Australians continue to be great users of media, with social media the strongest category followed by commercial TV/radio broadcasting, with each engaging over half the population in daily use, at 62 per cent and 55 per cent respectively. Public TV/radio broadcasting and hard copy/online media usage have fallen from November 2020 peaks during COVID-19 to 39 per cent and 21 per cent daily rates, respectively, in February 2024.
2. The vast majority of Australians affirm public interest journalism as important or very important for their media (72 per cent), though this is down from 86 per cent in the first PIJI survey in October 2019. The intensity of this support differs across Australia, being highest in Victoria (76 per cent) and lowest in South Australia (67 per cent).
3. The majority of Australians indicate that they feel that the nature of coverage across each of international, national, state/territory and local affairs is mostly right, but a significant and growing minority (33 percent) see local government and community affairs deserving of greater focus, up from 29 per cent in November 2020.
4. Across four years of challenges ranging from epidemic through natural disasters, to global conflict and cost-of-living crisis, the importance of public interest journalism for crises remains affirmed as important or very important by the vast majority of Australians. As of February 2024, cost-of living was rated by 84 per cent of Australians as important or very important for such coverage, ahead of other challenges, while public health crises had dropped in such rating from a peak of 81 per cent in November 2020 to 72 per cent in February 2024.
5. Public willingness to pay tax in support of enhanced public interest journalism remains strong for a concerned minority of Australians. But it did reduce in this 2024 survey with, for example, 25 per cent definitely/probably willing to pay \$12 or more extra a year in tax for this, down from 34 per cent in November 2020.

For full results, please see Appendix A: *Community Value of Public Interest Journalism Report: Survey 4*. We also note increases in levels of distrust and disengagement with news in the Digital

News Report: Australia 2023<sup>27</sup> and look to updates on these integrity markers in the upcoming 2024 edition.

## 5.2 Long term structural reform

Since 2019, PIJI has been investigating taxation measures for public interest journalism that may assist business transformation and innovation, investment and sustainability and increase the quality, quantity and diversity of journalism in Australia.

Options explored include an industry tax rebate for public interest journalism production (applicable for commercial entities), and tax deductible giving incentives (applicable for not-for-profit entities). PIJI has recently re-commissioned modelling for the tax rebate scheme, following our original investigation in late 2019 – pre both the COVID and cost of living crises. Results are presented below.

This section also considers a levy on major digital platforms, and the need for a focus on skills and jobs to safeguard and enhance the necessary human capital resources involved in journalism into the future.

### 5.2.1 Tax rebate for public interest journalism

Tax rebate schemes are an attractive approach to help innovate business models, incentivise sustainable investment in public interest journalism as a public good and create transparent, public benefit.

The Australian Government has precedent in the Research & Development (R&D) Tax Incentive that encourages business to undertake additional investments by offsetting some of the costs of eligible research and development<sup>28</sup> and the Producer Offset, Location Offset and PDV Offset for Australian feature films, television and other projects (the latter being mutually exclusive). A tax rebate scheme for public interest journalism could be designed as a parallel scheme, based closely on these existing models.

While credit or rebate schemes are by no means a silver bullet or substitute for other policy measures, they are helpful in their ability to reduce the marginal cost of producing journalism. A focussed scheme can:

- incentivise direct investment in public interest journalism, thereby helping to sustain this public good across Australian communities, including areas that may otherwise be financially unviable;
- be applicable for all news businesses, including start ups and wholesalers;

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<sup>27</sup> Park, S., McGuinness, K., Fisher, C., Lee, J., McCallum, K., Cai, X., Chatskin, M., Mardjianto, L. & Yao, P. 2023. *Digital News Report: Australia 2023*. Canberra: News and Media Research Centre, University of Canberra.

<sup>28</sup> Australian Government. Research and Development Tax Incentive. <<https://business.gov.au/grants-and-programs/research-and-development-tax-incentive>>

- offer immediate and sustainable uplift for small to medium news businesses (particularly for local news production) compared to complex commercial negotiations or highly competitive grant programs;
- provide direct, measurable public benefit; and
- require news businesses to publicly report on outcomes through the ATO.

These characteristics position a targeted public interest journalism rebate as a complement to other policy measures. As previously advocated by PIJI<sup>29</sup>, the introduction of a public interest journalism tax rebate alongside other long term interventions, such as the News Media Bargaining Code, would provide a simple policy solution to deliver transparent, public benefit, incentivising the reinvestment of revenues from commercial deals between digital platforms and news media companies directly into news production. There is also an option to investigate an extension of Australia’s existing R&D scheme to incorporate a category for ‘public interest journalism’ to stimulate sector innovation, such as in developments in data journalism<sup>30</sup>.

In recent years, different state and federal jurisdictions have looked to implement tax schemes to help abate the erosion of news, for example Canada and the USA: including Virginia, New York and five other states<sup>31</sup>.

The Canadian C\$595 taxation plan is the most advanced to date. It supports national and local news media through three different tax measures: a labour tax credit, a subscriber tax credit and a ‘quasi-charitable status for nonprofit newsrooms’<sup>32</sup>. The Canadian Government has also recently introduced the adjacent Online News Act – a competition measure similar to the NMBC.

PIJI is closely monitoring the Canadian case study. Its 25 per cent refundable tax credit (as opposed to a rebate modelled by PIJI) is provided on salary or wages paid to eligible newsroom employees of a Qualifying Canadian Journalism Organization (QCJO), initially capped at C\$55,000 per employee per year. Eligible employees must spend ‘at least 75 per cent of their time on original written news content’, which precludes audio and visual journalism unaccompanied by text. Amongst other eligibility criteria, it requires that newsrooms have at least two employees, which may be restrictive for smaller, localised start-ups.

Several participants in PIJI’s Industry Consultations highlighted the positive impact of tax credits available to Canadian news organisations for salary and wages payable to eligible newsroom

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<sup>29</sup> Public Interest Journalism Initiative, Review of the News Media and Digital Platforms Bargaining Code: Submission to The Treasury, May 2022

<sup>30</sup> Note: this approach not currently covered by PIJI’s modelling on tax rebates.

<sup>31</sup> Lapowsky I. and White J. 2023. Rescuing local news through tax credits: a review of policy in the U.S. and Canada. Chapel Hill: Center on Technology Policy, University of North Carolina. <[https://techpolicy.unc.edu/wp-content/uploads/2023/06/UNC\\_Tech\\_Policy\\_Future\\_Report.pdf](https://techpolicy.unc.edu/wp-content/uploads/2023/06/UNC_Tech_Policy_Future_Report.pdf)> p. 8

<sup>32</sup> Ibid.

employees. Anecdotal evidence suggests that qualifying newsrooms have seen overall cost reductions of up to 10 per cent since the scheme's inception.<sup>33</sup>

In November 2023, the program was temporarily enhanced to cover 35 cent of salary, up to \$85,000 base. In 2023, the projected tax credit cost is C\$35M. The increased cost is estimated at C\$129M over five years from 2024/25, and C\$10M per annum ongoing<sup>34</sup>.

Country Press Australia has recommended the Australian Government adopt an identical refundable tax credit of 35 per cent of eligible newsroom employee costs for publishers of regional and local public interest journalism up to a salary cap of AU\$85,000 per employee per annum.

Several aspects of a rebate or credit scheme would assist with targeting and flexibility in distribution of support. For example, rate adjustability allows changes to the level of support for a specified period; specific areas of focus - such as local news - can be prioritised; and different tiers of credit can be applied depending on whether the intent is to optimise for employee retention or employee growth, e.g. a higher rebate could be offered to outlets with an increased net number of new journalists compared to outlets simply retaining journalists. PIJI has previously developed legislative drafting guidelines to assist with eligibility criteria and types of activities under such a scheme, harmonized to the NMBC<sup>35</sup>.

The Centre for International Economics' *Update on tax concessions for public interest journalism* report recently prepared for PIJI (see Appendix B), provides an update to the previous 2019 rebate investigation in an Australian context<sup>36</sup>.

This latest modelling draws from the fourth Essential Media survey in the ongoing series of community value surveys commissioned by PIJI to track Australians' support and willingness to pay for public interest journalism through tax mechanisms (see Appendix A: *Community Value of Public Interest Journalism Report: Survey 4*). The 2019 rebate modelling was based on data from the first Essential Media survey.

The results from the fourth community value survey and report seem to indicate that both support of public interest journalism in general, and willingness to pay for an increase in public interest journalism has declined since 2019. Where willingness to pay in 2019 (for a 50 per cent rebate in public increase journalism) ranged from \$1.51 to \$2.94 per person per month, the 2024 report estimates range from \$0.41 to \$1.99.

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<sup>33</sup> Ibid. pp. 11-12

<sup>34</sup> 2023 Fall Economic Statement. <<https://www.budget.canada.ca/fes-eea/2023/report-rapport/FES-EEA-2023-en.pdf>> p. 76.

<sup>35</sup> Public Interest Journalism Initiative, Guidebook to implement and claim a public interest journalism tax rebate, September 2020.

<sup>36</sup> The Centre for International Economics, *Tax concessions for Public Interest Journalism: Examining the case for tax incentive based funding*, prepared for the Public Interest Journalism Initiative, November 2019.

This reduced willingness to pay has reduced the potential benefits from a tax concession scheme. The 2024 estimates suggest potential benefit cost ratios of between 0.26 and 1.93, which contrasts to the 2019 estimates that suggested potential benefit cost ratios of between 0.97 and 2.84.

The material changes in these results warrant further consumer research to fully understand the factors behind the decline in willingness to pay – especially amid mounting challenges such as the cost-of-living crisis, the rise of generative AI, and Meta’s withdrawal from commercial deals with Australian news outlets<sup>37</sup>. This recent announcement from Meta has exposed major fault lines in the interplay between social media platforms and news audiences, and at a minimum, will result in a revenue loss of an estimated \$70M per annum to news businesses.

With the Canadian tax credit introduced in 2020 and backdated to 1 January 2019, more data will become available shortly<sup>38</sup> that will better measure the extent to which tax credits can viably compensate for Meta’s withdrawal from the Canadian news market, as well as other market challenges – and which provide a useful, real-world example for Australia.

### 5.2.2 Charity taxation reform to recognise public interest journalism

The speed of disruption to public interest journalism across the country demonstrates the pressing need to strengthen its diversity and sustainability - including the deliberate development of a well-regulated, not-for-profit (NFP) news sector.

In 2019, the Australian Competition & Consumer Commission’s Digital Platforms Inquiry recommended that “tax settings...be amended to establish new categories of charitable purpose and deductible gift recipient (DGR) status for not-for-profit organisations that create, promote or assist the production of public interest journalism” (Recommendation 11)<sup>39</sup>.

PIJI has an ongoing program of research into the potential for the deliberate development of a not-for-profit news sector in Australia, which includes address existing regulatory constraints in Australia’s charities and taxation frameworks<sup>40</sup>. As noted in PIJI’s February 2024 submission<sup>41</sup> to the Productivity Commission’s current inquiry into philanthropy, PIJI strongly supports the Commission’s proposed reform to the DGR system to:

- make all registered charities eligible for DGR status; and

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<sup>37</sup> Note: Meta’s announcement to withdraw from commercial deals with Australian news businesses was made after the completion of the fourth Essential Media survey for PIJI.

<sup>38</sup> In Canada, the government’s financial year runs 1 April to 31 March.

<sup>39</sup> ACCC 2019. *Digital Platforms Inquiry Final Report*. p. 338

<sup>40</sup> PIJI. Philanthropic giving for journalism. <<https://piji.com.au/other-research/philanthropic-giving-for-journalism/>>

<sup>41</sup> PIJI. 2024. Submission to the Productivity Commission: Future Foundations for Giving Draft Report. Melbourne: Public Interest Journalism Initiative.

- specifically include ‘public interest journalism’ as a subtype within the ‘other’ charitable purposes category<sup>42</sup>.

PIJI has observed a growth in appetite in Australian donors for philanthropic funding in public interest journalism<sup>43</sup>. Not-for-profit news organisations with both charity registration and DGR status have reported increased ability to engage and attract philanthropic funding interest over the last couple of years. The Australian Associated Press (AAP), The Conversation and The Guardian are examples of how philanthropic support can provide essential startup and operating capital for news not-for-profit models.

The proposed reforms would bring Australia in line with other jurisdictions such as Canada, the US and the UK, which have each seen increases in philanthropic giving to, and demand for, not-for-profit public interest journalism in recent years, particularly in local news markets<sup>44</sup>. Based on its longitudinal market data and related research, PIJI suggests that charitable, donor news models could help markets facing undersupply, such as those defined by geography, linguistics or cultural diversity (e.g. First Nations)<sup>45</sup>.

To include, and legislatively define, ‘public interest journalism’ in DGR and charitable categories (that are also interlinked) makes for a consistent, principled assessment framework and a streamlined regulatory setting that could provide demonstrable, sustainable benefit for Australian communities.

### 5.2.3 Digital platforms levy

The concept of a digital platforms levy – as a mechanism for the transfer of a lump sum from digital platforms - has arisen during PIJI’s industry consultations.

The pervasive use of social media and search engines in society and the economy now make digital platforms unavoidable trading partners for news media. In the era of AI, a levy - as part of a social licence to operate - seems worthy of further investigation.

Such a mechanism could offer an immediate and broader capture of digital platforms, including new digital entrants looking to grow their market share in Australia.

Recent research shows that in Australia, 50 per cent of Facebook users, 40 per cent of YouTube users and 34% of Instagram users use those platforms for news, each of which represents an increase on the previous year’s figures<sup>46</sup>. Despite public comment by digital platforms about the

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<sup>42</sup> Productivity Commission. 2023. Future Foundations for Giving Draft Report. Canberra, November.

<sup>43</sup> Hill R. 2021. Understanding the role that philanthropy can play in supporting public interest journalism and how to enable it. Melbourne: Public Interest Journalism Initiative.

<sup>44</sup> Institute for Nonprofit News 2023 Index Snapshot Report, May 23, 2023: <<https://inn.org/research/inn-index/inn-index-2023/executive-summary/>>

<sup>45</sup> Hill R. 2021.

<sup>46</sup> Park, S., McGuinness, K., Fisher, C., Lee, J., McCallum, K., Cai, X., Chatskin, M., Mardjianto, L. & Yao, P. 2023. *Digital News Report: Australia 2023*. p. 87.



declining interest in news on their services, that data suggests that there may yet be incentive for them to allow news to remain on their services in Australia in the longer term.

A levy may be attractive to platforms due to the predictability and content-agnostic nature of the liability they would incur. For example, Google has recently agreed to make an annual lump sum C\$100M (approx. AUD\$111M) contribution to Canadian news outlets as an alternative to submitting to the provisions of Canada's Online News Act. Google has negotiated the deal directly with the Canadian government, which is paid via formula (63 per cent publishers, 30 per cent private broadcasters, 7 per cent state broadcaster) and the number of journalists employed by each eligible news business. This funding mechanism operates with a bias towards supporting journalism, removes the risk of a precedent for paying for clicks on links, and establishes an amount up front by a government or regulator.

The establishment of a levy would ensure ongoing support for Australian public interest journalism, open to news providers of all sizes, without putting strain on the public purse. There are a number of different ways in which revenues from a levy could be treated: they could be pulled into a consolidated fund as above or under a collection agency, similar to the Copyright Agency. Any model could be structured to enable co-contributions and other revenue streams over time.

Revenue from a digital levy could be used for a variety of application such as the funding of innovation; start-up capital or loans; original public interest content; collaborative,

investigative journalism; or hyper local content or community-led co-operative models in markets that may not be commercially viable.

The appropriate protocols and vehicle for distribution of funds gathered through such a levy will require further investigation. PIJJ is researching models in news media and other sectors in OECD countries and Australia to:

- identify best practice examples of collecting agencies and (e.g., trusts with the capacity to receive and distribute funding from/to multiple sources) in Australia and overseas that might serve as a model;
- identify and explain the structures of these agencies and central trusts; and,
- identify and explain the governance arrangements that support the objectives of these models, including mechanisms used to ensure independent decision-making when allocation of monies is involved.

Of particular interest are the measurable impacts of different sector-specific initiatives, such as the New Jersey Civic Information Consortium (USA), the state-created nonprofit<sup>47</sup> that

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<sup>47</sup> Civic Info Bill 2018: <<https://www.billtrack50.com/BillDetail/969532>; <https://njcivicinfo.org/wp-content/uploads/2023/11/Consortium-Statute.pdf>>

distributes public funding to local newsrooms and civic-technology projects at arm's length from government and industry, and the recent Canadian Google funding discussed above.

#### 5.2.4 Jobs and skills

In seeking the recognition of 'public interest journalism' in charities and taxation law, based on its use as a public good, it may also be prudent to consider the inclusion of a similar definition for the purposes of jobs and skills development, and which can be targeted to markets of news undersupply, such as regional and rural Australia.

High level of concerns were voiced through our consultations on talent recruitment, retention, skills and training associated with producing news. Given the human capital-intensive nature of public interest journalism, support for cadetships, apprenticeships and other professional development, working conditions, and resource sharing between news outlets may be worth consideration.

Participants in PIJI's Industry Consultations suggested that dedicated human oversight would always be a requirement for any use of generative AI in newsrooms producing public interest journalism. PIJI supports this approach, and strongly believes that staff tasked with overseeing the operation and output of Gen AI tools should be properly trained in the technical fundamentals of the technology to ensure the integrity of the output of this public good, as distinct from other information sources.

With proper technical training, newsroom staff can help their outlets realise the productivity gains inherent in Generative AI technology, while protecting the integrity of the news content from the unintended consequences that may result from careless deployment of generative AI tools in news production.

Through our consultations, we have heard some evidence of pressures surrounding recruitment, retention, professional skills and training, particularly in regional and rural markets. This includes barriers to entry, particularly experienced by those seeking a journalism career who are First Nations or from a culturally or linguistically diverse background, as well as job insecurity for mid-career staff.

In regional areas, the challenges of providing locally relevant public interest journalism are compounded by the difficulties regional news providers face in retaining high-calibre staff and developing career pathways. Past research<sup>48</sup> has identified the lack of reliable, dynamic jobs data as a persistent gap that inhibits analysis of the health of local news markets and the location of news production. Skills and training data could similarly be added amid rapidly changing market conditions.

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<sup>48</sup> Simons M., Dickson G. & Alembakis A. 2019. *The nature of the editorial deficit*. Melbourne: Public Interest Journalism Initiative; Attard M., Dickson G. & Jehangir A. 2022. *Regional News Media*. Sydney: Centre for Media Transition, University of Sydney.

Over the course of consultation with regional stakeholders, it was noted that young journalists often treat a cadetship in a regional area as a stepping stone to a job in a major metropolitan newsroom. Incentives could be designed to transform regional areas from a good place for a journalist to *start* a career into a good place to *have* a career.

### 5.3 Short term considerations

Many of the news entities and outlets PIJI has consulted during the NewsMAP process, have requested immediate, short-term support in parallel to any structural reforms, including those contemplated above.

PIJI's data shows net market decline in news production and availability over the past five years, particularly at the local news scale which accounts for 88 per cent of all Australian news outlets. There are 29 local government areas currently without any local digital or print news. The last six quarters indicate net declines in overall news production and availability (see Figure 2).

Direct Government investment should be contemplated in the short term given the importance of news as a public good. This may include support for Australia's existing news ecosystem over three years on the assumption sector transformation is undertaken concurrently.

The two main forms of immediate support advocated by industry and discussed with PIJI are government grants programs and Federal Government advertising spend. The last few years have seen several, targeted grants programs including the \$60M Regional and Small Publishers Jobs and Innovation (RASPJI) grant program providing three annual rounds from 2018 to support industry transition; the \$50M Public Interest News Gathering (PING) grant program as COVID-19 crisis support in mid 2020; and the more recent \$15M Regional and Local Publishers Program to support regional, independent suburban, First Nations and multicultural print publishers in 2022, which is just completing. As ACIL Allen's evaluation<sup>49</sup> of the first two grant programs found, grants are helpful as direct, short-term injections into areas of need, but PIJI notes these do not present a long term solution to sustainability. Given the need for independence in public interest journalism from government, such programs need to be well-designed and executed to ensure accountability, transparency and a discernible return on the investment of public funds in the public good.

A more arm's length approach to direct, targeted grants is the use of government advertising spend. Country Press Australia (CPA), the peak body for local, regional and rural publishers, has proposed that the Federal Government take out weekly full-page advertisements in regional and local newspapers. This aligns with the approach taken by the Victorian Government, which CPA credits for the lower rate of news outlet closures in Victoria relative to Queensland and New South Wales. Similar advertising initiatives have emerged in other jurisdictions such as the City of New York, which mandated in 2019, that at least half of the city agencies' annual

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<sup>49</sup> ACIL Allen, Independent evaluation of RASPJI and PING Final report, December 2022.

<https://acilallen.com.au/projects/government-funded-services/independent-evaluation-of-raspji-and-ping>

advertising budget is placed with community and multicultural media outlets,<sup>50</sup> and which has since been made permanent<sup>51</sup>. PIJ heard similar proposals during Industry Consultations from many other participants, who each considered Government advertising spend as an impactful and immediate way of supporting local news outlets through a commercial value exchange.

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<sup>50</sup>The City of New York, N.Y., Executive Order 47, 22 May 2019: <<https://www.nyc.gov/assets/mome/pdf/mayor-executive-order-47.pdf>>

<sup>51</sup> Local Laws of the City of New York for the Year 2021, No.83: <<https://nyc.legistar1.com/nyc/attachments/2341d744-fb90-479d-ac2f-465ec93e3a35.pdf>>

## Appendix A

Community Value of Public Interest Journalism Report: Survey 4

by Glenn Withers

commissioned by the Public Interest Journalism Initiative

February 2024

[Public  
Interest  
Journalism  
Initiative]

# Community Value of Public Interest Journalism

Survey four  
February 2024

# Community value of public interest journalism

## Survey four: February 2024

Glenn Withers

This is a report of results of a survey commissioned by the Public Interest Journalism Initiative from Essential Media. Essential Media conduct a fortnightly omnibus survey, in which five questions relating to public interest journalism were included. This survey was conducted online from 7-11 February 2024, and had 1149 respondents (95 per cent certainty for random sampling).

The Essential Report - Public Interest Journalism Initiative is Essential Media's report on its Qualtrics data results from the survey. That Report is included in this document in its entirety.

This report forms part of PIJI's ongoing work to understand how the community values public interest journalism, including surveys conducted at six-month intervals between October 2019 and November 2020.

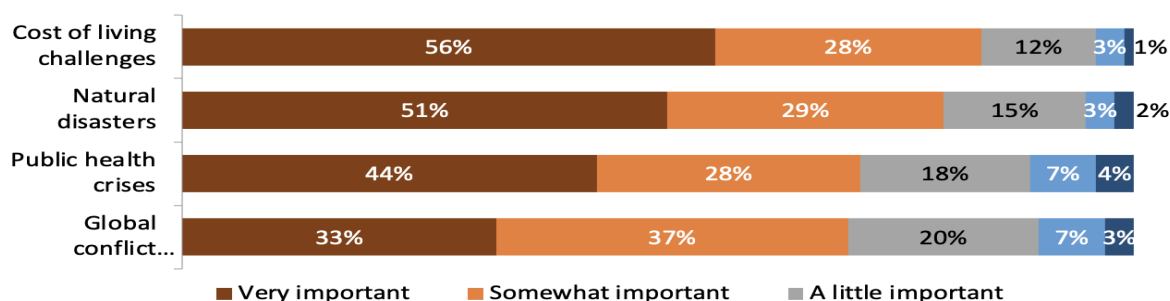
This 2024 survey continues to affirm strong support from Australians for public interest journalism. But the experience of challenges such as the Covid Epidemic, global conflicts and the cost-of-living crisis, combined with the rise of social media, have begun to qualify that support, so that rejuvenation of public interest journalism becomes even more important.

For previous surveys, please visit [PIJI's website](#).

## Key Findings

1. Australians continue to be **great users of media with digital social media now the strongest category** followed by commercial TV/radio broadcasting, with each engaging over half the population in daily use, at 62 per cent and 55 per cent respectively. Public TV/radio broadcasting and hard copy/online media usage have fallen from November 2020 peaks during the Covid epidemic to 39 per cent and 21 per cent daily rates, respectively, in February 2024. (Report pp. 6,7).
2. The **vast majority of Australians affirm public interest journalism as important or very important** for their media (72 per cent), though this is down from 86 per cent in the first PIJ survey in October 2019. **The intensity of this support differs across Australia** being highest in Victoria (76 per cent) and lowest in South Australia (67 per cent). (Report pp.8,9).
3. The majority of Australians do indicate that they feel that the **nature of coverage across each of international, national, state/territory and local affairs is mostly right**, but a significant and growing minority (33 per cent) do see **local government and community affairs deserving of greater focus**, up from 29 per cent in November 2020. (Report, p.10).
4. Across four years of challenges ranging from epidemic through natural disasters, to global conflict and cost-of-living crisis, **the importance of public interest journalism for crises remains affirmed as important or very important by the vast majority of Australians**. As of February 2024, **cost-of living was rated by 84 per cent of Australians as important or very important for such coverage, ahead of other challenges**, while public health crises had dropped in such rating from a peak of 81 per cent in November 2020 to 72 per cent in February 2024. (Report p.11)
5. **Public willingness to pay tax in support of enhanced public interest journalism remains strong for a concerned minority of Australians**. But it did reduce in this 2024 survey with, for example, 25 per cent definitely/probably willing to pay \$12 or more extra a year in tax for this, down from 34 per cent in 2020. (Report p.13).

These findings affirm recognition by Australians of the importance of public interest journalism in Australian life. But they also point to growing challenges to this role, including with the rise of social media use and with cost-of-living pressures. A policy response to better support public interest journalism, especially local and so much needed, including in crises, should be forthcoming.



Importance of Public Interest Journalism During Crises (February 2024)



# The Essential Report – Public Interest Journalism Initiative

16 February 2024



## The Essential Report

Date: 16/02/2024

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Prepared By: Essential Research

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Data Supplied by:



Our researchers are members of Research Society.



## About this poll

This report summarises the results of a fortnightly omnibus conducted by Essential Research with data provided by Qualtrics. The survey was conducted online from 7<sup>th</sup> to 11<sup>th</sup> January 2024 and is based on 1,149 participants.

The weighting efficiency applied to the results at a national level is 84%, which gives an effective sample size of 959. The maximal margin of error at this effective sample size is  $\pm 3.2\%$  (95% confidence level).

The full methodology used to carry out this research is described in the appendix at the end of the report.

Note that due to rounding, not all tables necessarily total 100% and subtotals may also vary.

This also includes results from three previous community surveys conducted between October 2019 and November 2020:

- First survey conducted online from 24<sup>th</sup> October 2019 to 29<sup>th</sup> October 2019 with 1,076 respondents
- Second survey conducted from 2<sup>nd</sup> April 2020 to 5<sup>th</sup> April 2020 with 1,068 respondents
- Third survey conducted from 28<sup>th</sup> October 2020 to 1<sup>st</sup> November 2020 with 1,063 respondents

Note that the second and third surveys were conducted during an international pandemic of COVID-19 (coronavirus) – as such some of the shifts may reflect participants' changed behaviour in response.

## Key Insights

### 1. Social media overtakes commercial broadcasting as the most consumed type of media

- Social media consumption is consistent with 2020, with 62% of participants using digital social media daily (up from 63% in Nov'20). This is the only medium that has not seen a decline since 2020.
- Consumption of commercial TV/radio and hard copy or online media have returned to pre-pandemic levels. Daily consumption of commercial TV/radio has dropped to 55% (65% in Nov'20).
- Daily consumption of public TV/radio consumption is lower than it was in 2019 (39%, 44% in Nov'19).

### 2. Perceived importance of public interest journalism has decreased since late-2020 and is now lower than in 2019

- 72% of participants think that public interest journalism is very or somewhat important to Australian society (down from 86% in Nov'20). This level of importance is also lower than it was in 2019 (78% Nov'19)
- Perceived importance of public interest journalism has decreased in all states, but the states with the largest decreases are VIC (70%, down from 77% in Nov'20), WA (72%, down from 77% in Nov'20) and NSW (76%, down from 80% in Nov'20).

### 3. Majority believe public interest journalism for all levels of governance is about right, but a higher proportion would like more coverage than less

- 23% of participants want more coverage of international affairs (whereas 12% would want less), 21% want more national affairs (9% less), 25% want more state/territory affairs (8% less) and 33% want more local government affairs (7% less).
- This demand for local content is also demonstrated in the high percentage who believe it is very important for public interest journalism to cover cost-of-living issues (56%). This is higher than the 51% who believe it's very important to cover natural disasters, 44% who believe it's important to cover public health crises and 33% who believe it's important to cover international crises.
- The importance of public interest journalism to cover public health crises has declined since the pandemic when 53% thought it was very important for public interest journalism to cover this.

**4. All measures indicate in the midst of the current cost of living crisis, there is less appeal in funding public interest journalism through tax increases than in previous years**

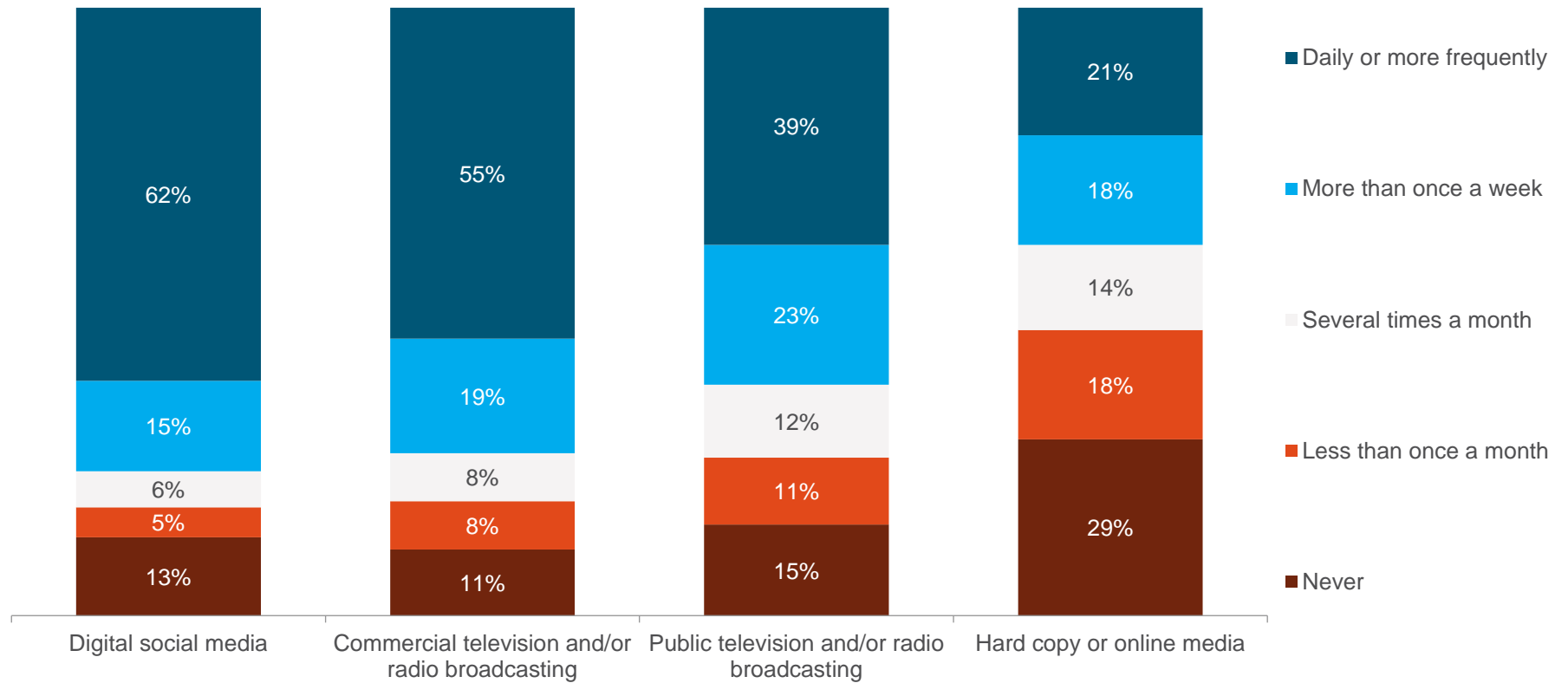
- The proportion who would definitely not be willing to pay more tax has increased, the amount of participants who would pay a higher amount and the overall proportion to pay any amount has decreased.



## Frequency watch or read media

Q How frequently do you watch or read the following types of media?

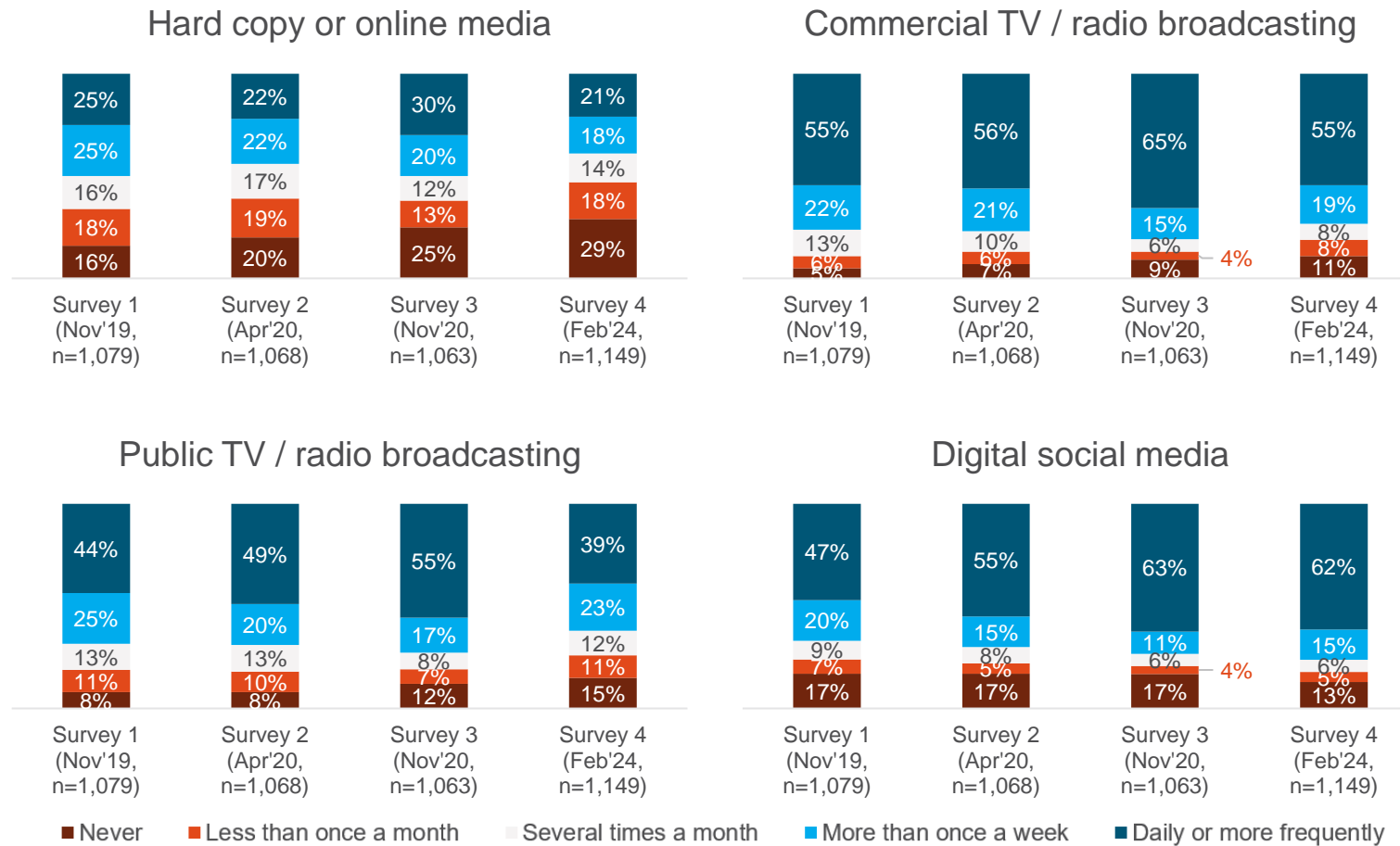
Base: All participants (n=1,063)



## Frequency watch or read media: Trends

Q How frequently do you watch or read the following types of media?

Base: All participants

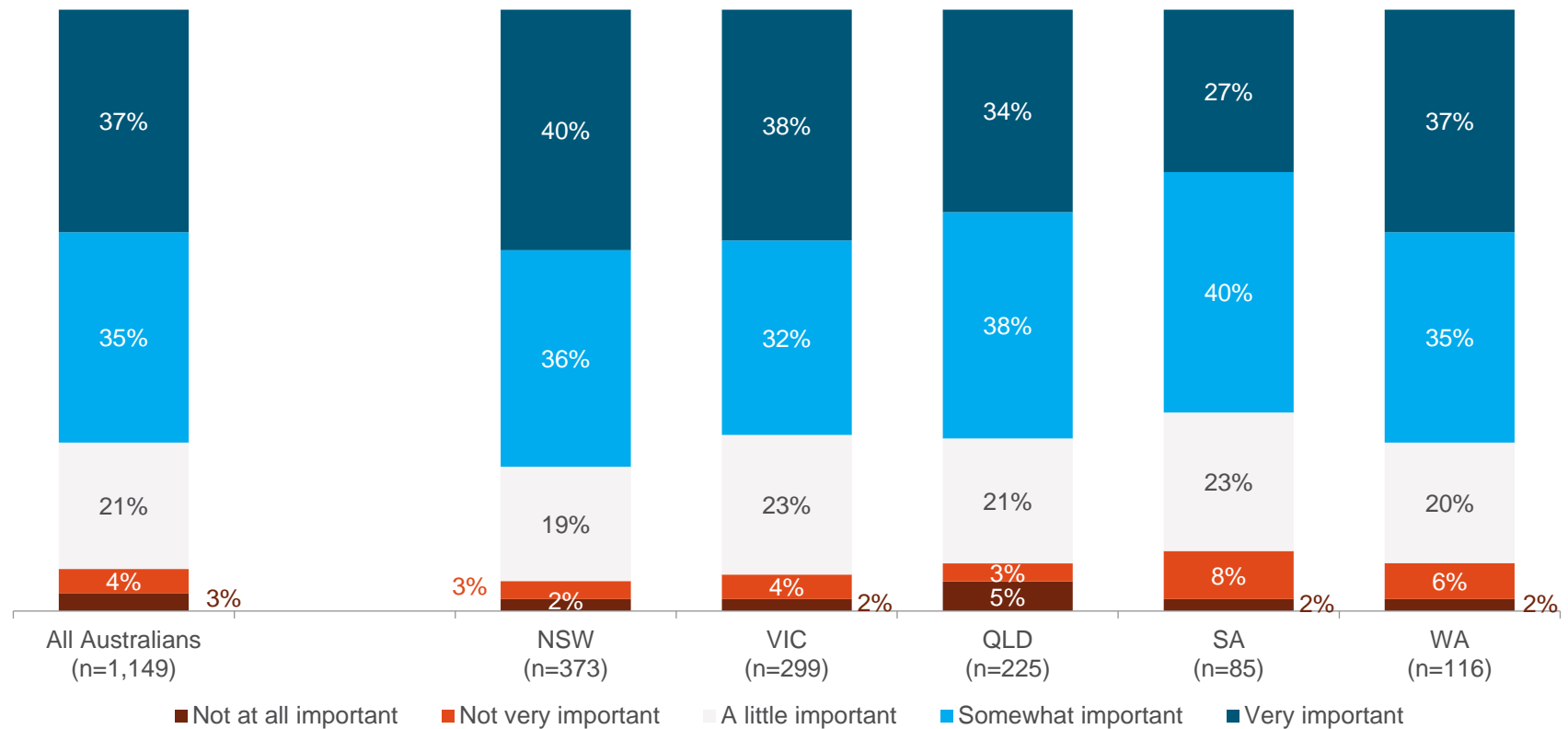


## Importance of public interest journalism to Australian society

Q Public interest journalism refers to the news and current affairs media or journalism which records, investigates and explains issues of public significance.

To what extent to you think that public interest journalism is important or not important to Australian society?

Base: All participants (n=1,063)



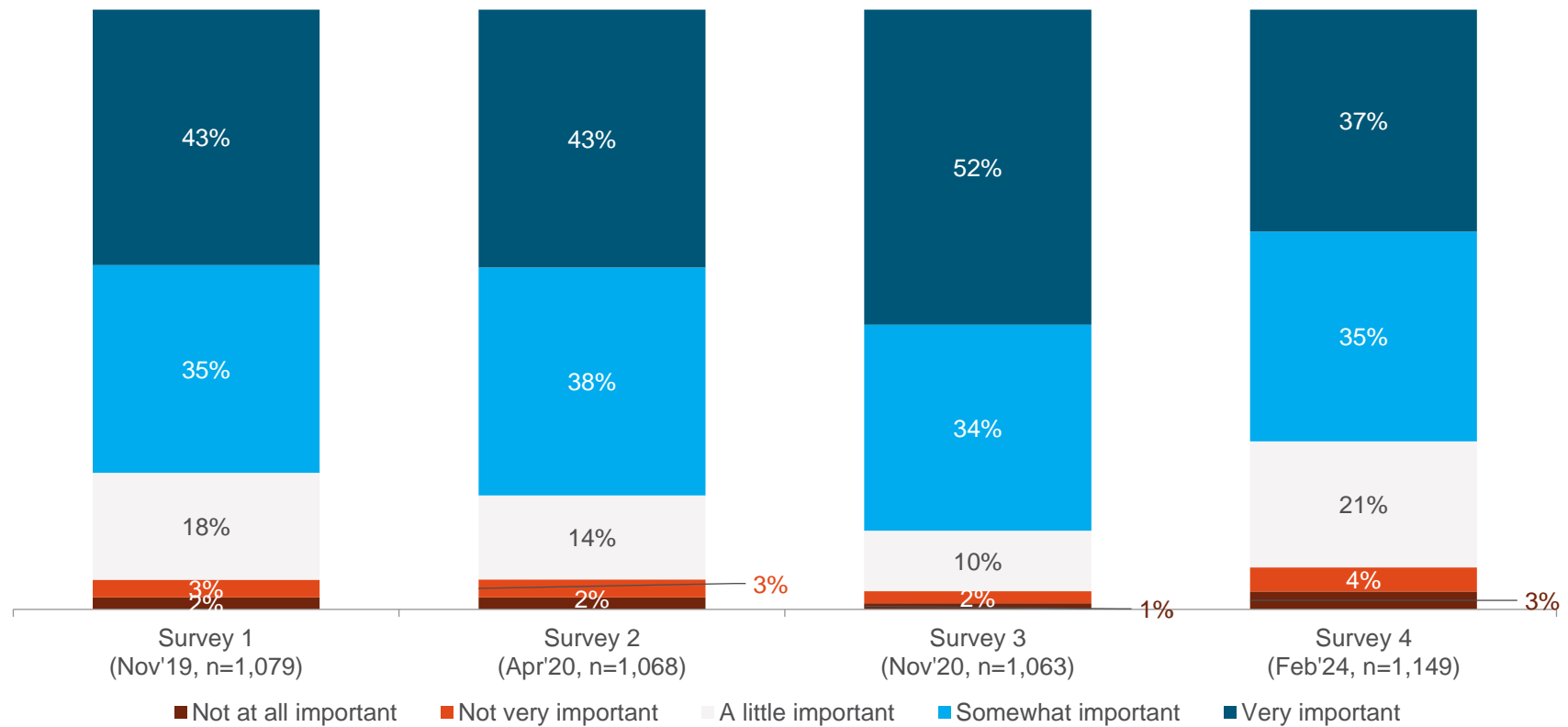


## Importance of public interest journalism to Australian society: Trends

Q Public interest journalism refers to the news and current affairs media or journalism which records, investigates and explains issues of public significance.

To what extent to you think that public interest journalism is important or not important to Australian society?

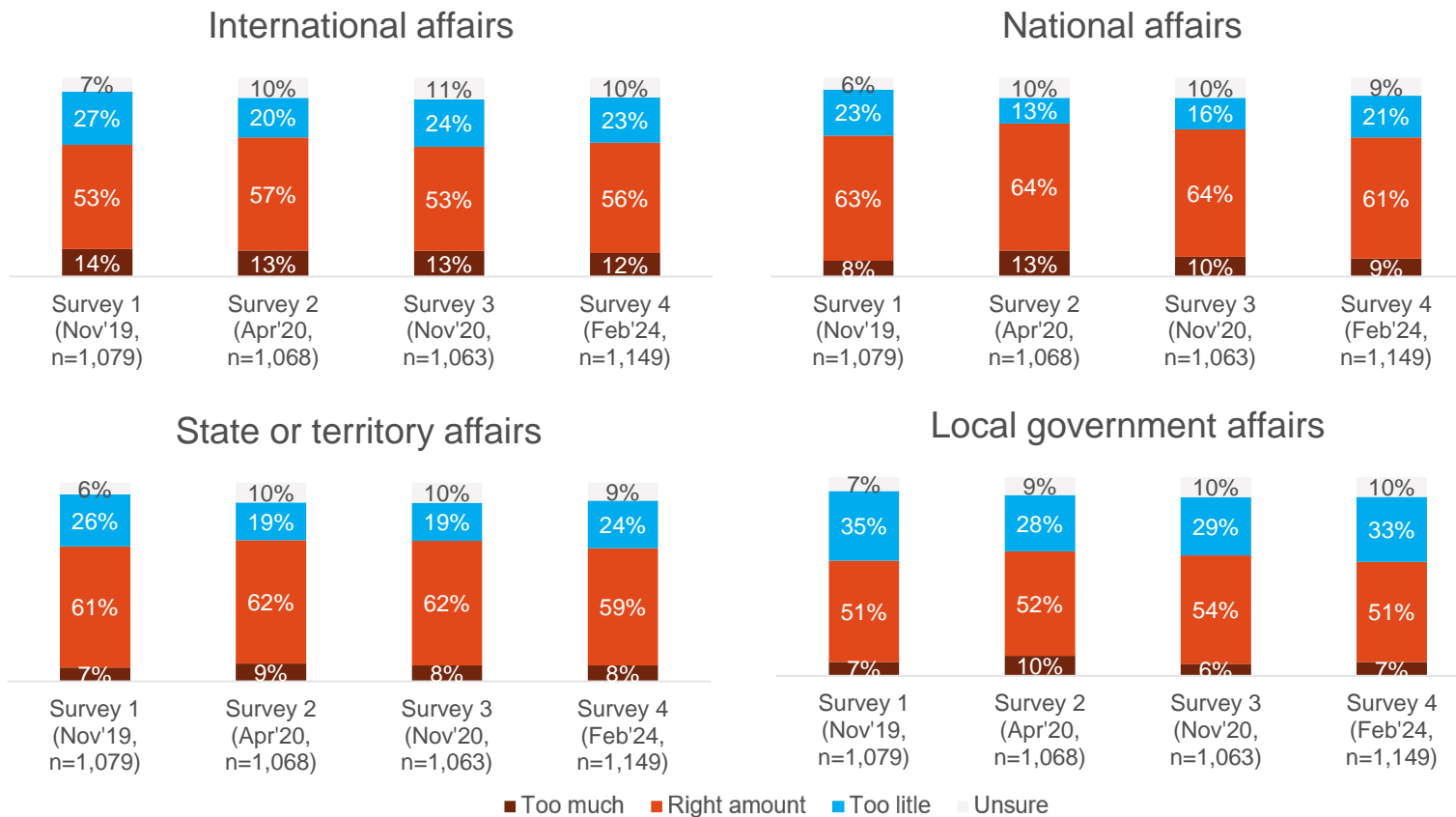
Base: All participants



## Sufficient public interest journalism at various levels: Trends

Q Do you think there is enough public interest journalism reporting in the following areas?

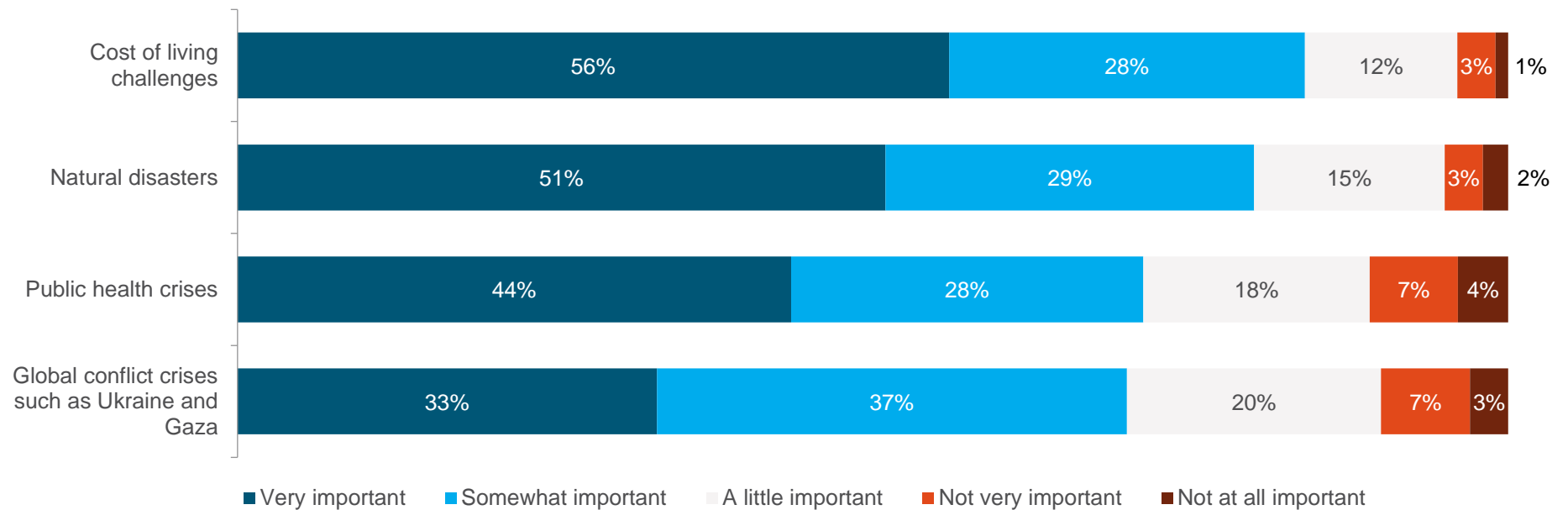
Base: All participants



## Importance of public interest journalism during crises

Q How important is the role of public interest journalism when reporting during the following recent crises and challenges for Australia?

Base: All participants (n=1,149)



## Overall willingness to pay more in tax: Willingness to pay for all values shown to participants

In order to gauge possible public willingness to pay more tax to fund public interest journalism, it was suggested to participants that the government could increase the amount of public interest journalism by 50 per cent for a randomly assigned price (\$0.20, \$1, \$5 or \$15) monthly or annually.

If the participant said they 'definitely would pay' that tax increase, they would be asked the same question with a higher price (\$1, \$5, \$15, \$40). If the participant said any other option, they were shown a lower price (free, \$0.20, \$1, \$5) instead.

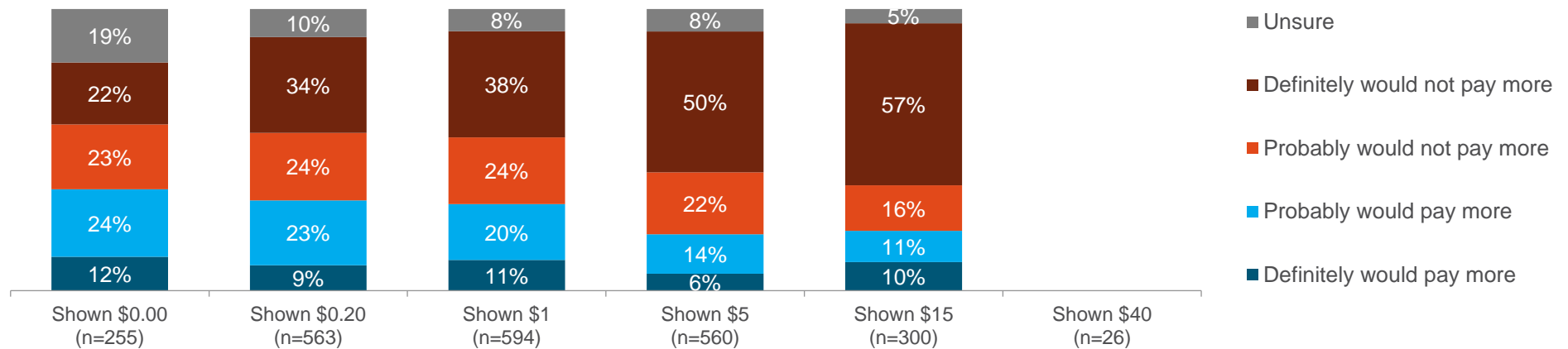
*For example, the first price a participant is shown is \$5 and they 'probably would pay more' tax at that amount. At the next question they are asked if they would pay a \$1 tax increase.*

The chart below shows the number of participants who were shown that value (either first or second) and the proportion who would pay that value increase.

*\*Please note that \$40 option is not shown due to small sample size (n=23).*

Q To what extent would you be willing to pay <\$X1> per month in tax for increased public interest journalism? / And to what extent would you be willing to pay more for public interest journalism – if it increased the amount of tax you pay by <\$Y1> per month (<\$Y2> per year)?

Base: All participants first and second value (n=2,298)

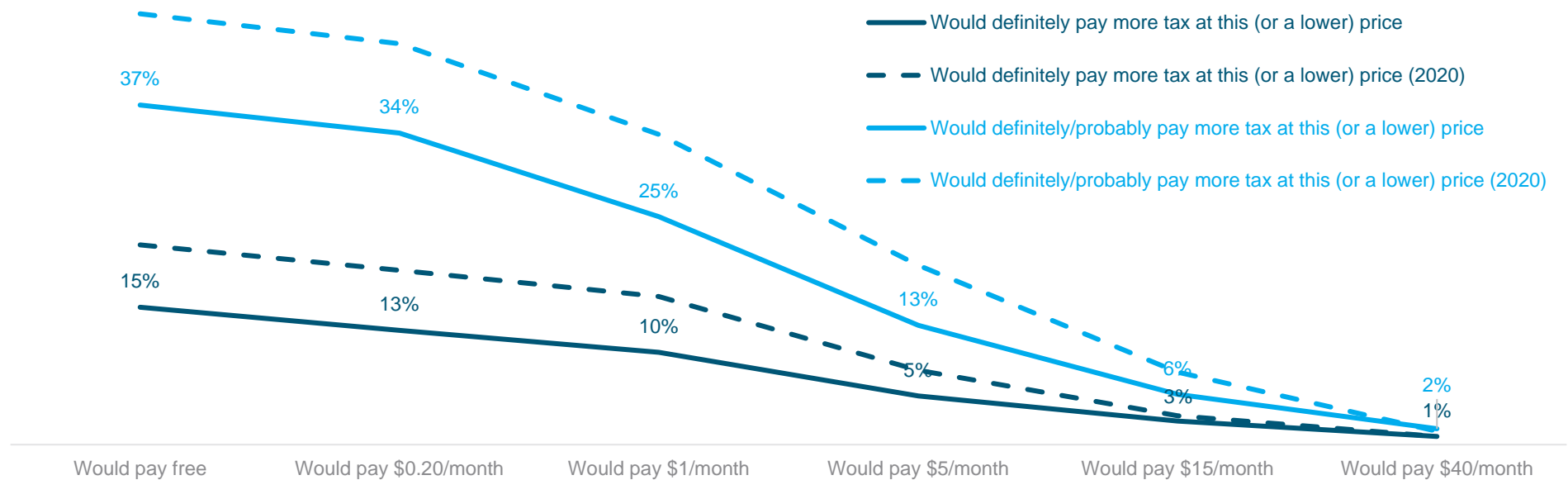


## Overall willingness to pay more in tax: Cumulative willingness to pay tax increase

The chart below shows the proportion of participants who (definitely or probably) would pay more tax and definitely would pay more tax for public interest journalism out of the overall sample. For the purpose of this chart we have assumed that someone who would pay a \$5/month tax increase, would also support \$0.20, \$0.50 and \$1 increases. Participants who definitely would not pay either price points they were shown comprise the remaining 78% of the sample (53% would probably not pay both price points shown or answered don't know).

Q To what extent would you be willing to pay <\$X1> per month in tax for increased public interest journalism? / And to what extent would you be willing to pay more for public interest journalism – if it increased the amount of tax you pay by <\$Y1> per month (<\$Y2> per year)?

Base: All participants (n=1,149)

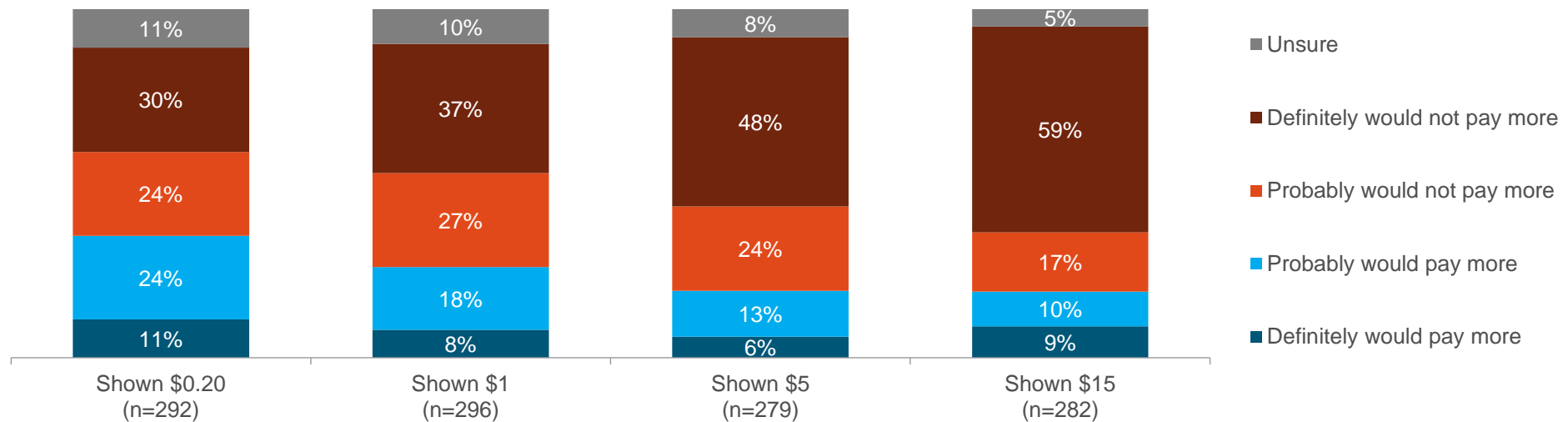


## Overall willingness to pay more in tax: First price point shown

The chart below shows the proportion of participants who definitely would pay more, probably would pay more, probably would not pay more, definitely would not pay more, or are unsure if they would pay more tax for public interest journalism out of the overall sample. The first price point shown to participants was randomly generated with the intent that an even proportion of participants were shown each of the four price points across the entire sample.

Q To what extent would you be willing to pay <\$X1> per month in tax for increased public interest journalism? / And to what extent would you be willing to pay more for public interest journalism – if it increased the amount of tax you pay by <\$Y1> per month (<\$Y2> per year)?

Base: All participants (n=1,149)



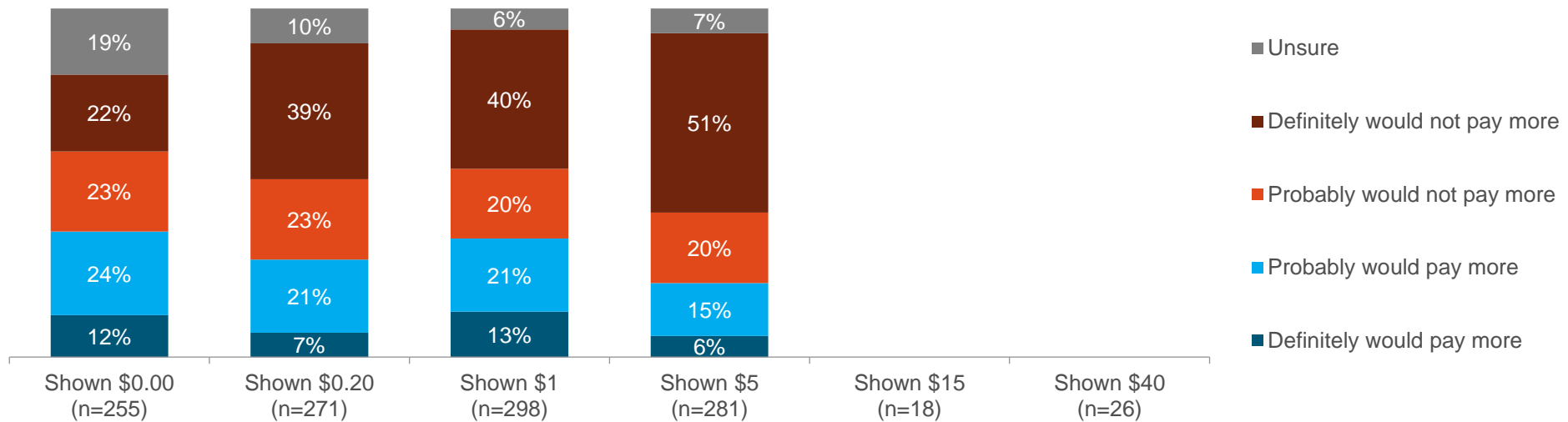
## Overall willingness to pay more in tax: Second price point shown

The chart below shows the willingness to pay more tax for public interest journalism out of the overall sample. The second price point was determined by their response to the first price point – if they ‘definitely would pay’ the first price point, the second price point was higher. If they selected anything other than ‘definitely would pay’, the second price point was lower than the first.

*\*Please note that \$15 and \$40 option are not shown due to small sample size (n=27 and n=23 respectively)*

Q To what extent would you be willing to pay <\$X1> per month in tax for increased public interest journalism? / And to what extent would you be willing to pay more for public interest journalism – if it increased the amount of tax you pay by <\$Y1> per month (<\$Y2> per year)?

Base: All participants (n=1,149)

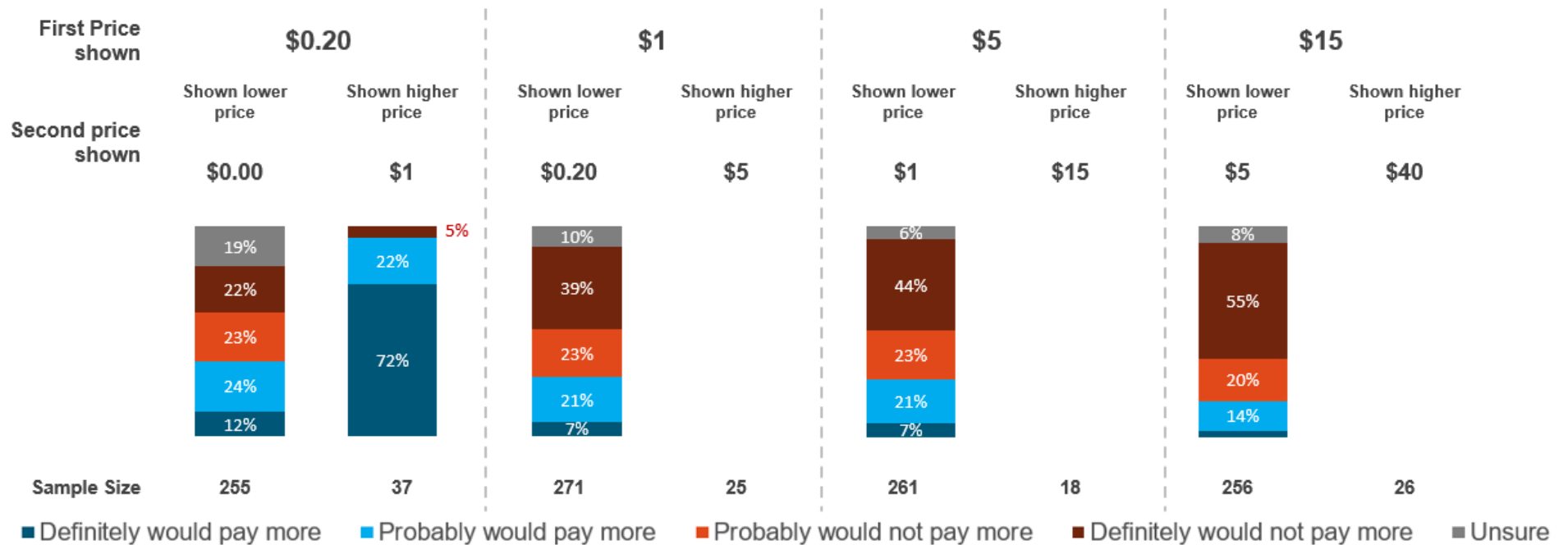


## Appendix: Overall willingness to pay more in tax: First and second price point differences

The first chart below shows the proportion of participants who 'would pay' the tax increase at the first price they saw. The second chart shows the number of participants who were shown a higher or lower price point (based on their response to the first question) and the proportion who would/ not definitely support a tax increase at this second price point.

Base: All participants (n=1,149)

\*Please note that \$5, \$15 and \$40 option are not shown due to small sample size (n=25, n=18 and n=26 respectively)





## Appendix: Household income definitions\*

TOTAL: Lower Income	Up to \$51,999 per year Total of all wages/salaries, government benefits, pensions, allowances and other income that your household usually receives (GROSS – before tax and superannuation deductions)
TOTAL: Mid Income	\$52,000 to \$103,999 per year Total of all wages/salaries, government benefits, pensions, allowances and other income that your household usually receives (GROSS – before tax and superannuation deductions)
TOTAL: High Income	More than \$104,000 per year Total of all wages/salaries, government benefits, pensions, allowances and other income that your household usually receives (GROSS – before tax and superannuation deductions)

## Appendix: Methodology, margin of error and professional standards

The data gathered for this report is gathered from a fortnightly online omnibus run by Essential Research with sample provided by Qualtrics from online panels.

The online omnibus is active from the Wednesday night of each week and closed on the following Sunday. The target population is all Australian residents aged 18+. Participants were invited to participate and completed the survey online without an interviewer present and incentives were offered for participation.

The response rate varies each week, but usually delivers 1,000+ interviews. Quotas are applied to be representative of the target population by age, gender and location.

RIM weighting is applied to the data using information sourced from the Australian Bureau of Statistics (ABS) and the Australian Electoral Commission (AEC). The factors used in the weighting are age, gender, location, education and party ID.

Information for the weighting efficiency, effective sample size and margin of error for each poll (from June 2021) can be found here:

Each fortnight, the team at Essential Media Communications discusses issues that are topical and a series of questions are devised to put to the Australian public. Some questions are repeated regularly (such as political preference and leadership approval), while others are unique to each week and reflect current media and

social issues. Full text for standard voting and regular political preferences can be found in the link above. No questions were asked prior to these questions which have material influence on results.

Participants not eligible to vote in federal elections (either for age, residency or other reasons) are excluded from voting intention. Eligible participants are able to select 'Unsure' for voting intention. They were then asked a 'leaner' question which also included an 'Unsure' option. Participants answering 'Unsure' are NOT excluded from published results, or any subsequent questions. 2 party preferred (2PP) calculations use stated preference. Preference flows from previous federal and state elections are only used for participants answering 'Unsure' for stated preference.

All Essential Research staff hold Research Society membership and are bound by professional codes of behaviour. This research is compliant with the Australian Polling Council Quality Mark standards.



## About the Public Interest Journalism Initiative

The Public Interest Journalism Initiative (PIJI) is a specialist think tank advancing a sustainable future for public interest journalism in Australia.

Through our original research and advocacy work, we seek to stimulate public discussion and establish optimal market pre-conditions in investment and regulation that will sustain media diversity and plurality in the long term.

PIJI is a registered charity with tax concession charity (TCC) status. It is a philanthropically funded, non-profit company limited by guarantee (ABN 69 630 740 153) governed by a Board of independent directors, advised by an Expert Research Panel and Policy Working Group and regulated by the ACNC, ATO and ASIC.

This project has been made possible thanks to the generous support of PIJI's funders, including the Susan McKinnon Foundation, Jibb Foundation, Ruffin Falkiner Foundation, H&L Hecht Trust and Mannifera.

## About Professor Glenn Withers

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# [Public Interest Journalism Initiative]

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## Appendix B

Update on tax concessions for Public Interest Journalism

prepared by The Centre for International Economics  
for the Public Interest Journalism Initiative

March 2024



**REPORT**

# Update on tax concessions for Public Interest Journalism

Using updated consumer survey data

*Prepared for  
Public Interest Journalism Initiative  
27 March 2024*

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The Centre for International Economics is a private economic research agency that provides professional, independent and timely analysis of international and domestic events and policies.

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## *Summary*

- **A February 2024 update of an Essential Media survey first conducted in November 2019 seems to indicate that both support of public interest journalism in general, and willingness to pay for an increase in public journalism has declined.**
  - Whereas willingness to pay in 2019 (framed as a 50 per cent increase in public increase journalism funded through a tax rebate) ranged from \$1.51 to \$2.94 per person per month, the 2024 estimates range from \$0.41 to \$1.99.
- **This reduced willingness to pay reduces the potential benefits from a tax concession scheme.**
  - Our 2019 estimates suggested potential benefit cost ratios of between 0.97 and 2.84.
  - The 2024 estimates suggest potential benefit cost ratios of between 0.26 and 1.93.
- **There are a number of possibilities for explaining the decline in willingness to pay. However, the Essential Media survey does not provide a direct indication of this.**
  - Further consumer research is warranted to fully understand the factors that combine to determine overall willingness to pay for public interest journalism.

# 1 Introduction

## *Background*

In November 2019 the CIE prepared a report for the Public Interest Journalism Initiative looking at the idea of a tax concession for public interest journalism. This idea is similar to a policy adopted in Canada, whereby eligible journalism providers receive a tax concession (potentially in the form of a cash refund) for a proportion (25 per cent in the case of Canada) of eligible expenditure on public interest journalism (in the Canadian case, this is expenditure on wages and salaries for journalists).

A policy such as this is justified if the value to the community (the community 'willingness to pay') for increased public interest journalism exceeds the cost of providing the tax concession (where this cost also includes administrative and compliance costs).

Our previous report went through the general arguments for a tax concession and then undertook an indicative benefit cost analysis of a tax concession scheme. Tax concessions have some policy advantages in that they can specifically target the cost of providing public interest journalism, and once in place can be flexibly adjusted to respond to emerging circumstances (as has been the case in Canada, for example).

The benefit side of the calculation (the community willingness to pay for the potential increase in public interest journalism funded through the tax concession) was based on willingness to pay estimates derived from a November 2019 survey undertaken by Essential Media. That survey asked a series of questions which allow us to estimate a range of values for willingness to pay for increased public interest journalism.

In February 2024, Essential Media repeated the original survey which we have used to provide updated estimates of willingness to pay, as well as updated estimates of the benefits and costs of a tax concession scheme.

## *This report*

This report sets out our findings using the most recent Essential Media survey.

- Chapter 2 considers new estimates of willingness to pay, which appear to have fallen since 2019. The chapter considers some possible reasons for this, noting that further research would be required to fully resolve the reasons.
- Chapter 3 reports the updated benefit cost findings, noting that the lower willingness to pay estimates makes it harder for the overall policy to achieve a benefit-cost ratio greater than 1. Our revised upper estimates are for a benefit-cost ration of between 1.28:1 and 1.93:1.
- Chapter 4 provides some suggestions for next steps in further exploring the policy.

## 2 *Willingness to pay appears to have fallen*

### *Support for public interest journalism*

Essential Media undertook a series of surveys between 2019 and 2024 to assess attitudes to public interest journalism. Between November 2019 and April 2020 support for public interest journalism remained largely constant. In the November 2020 survey overall support for public interest journalism appeared to increase.

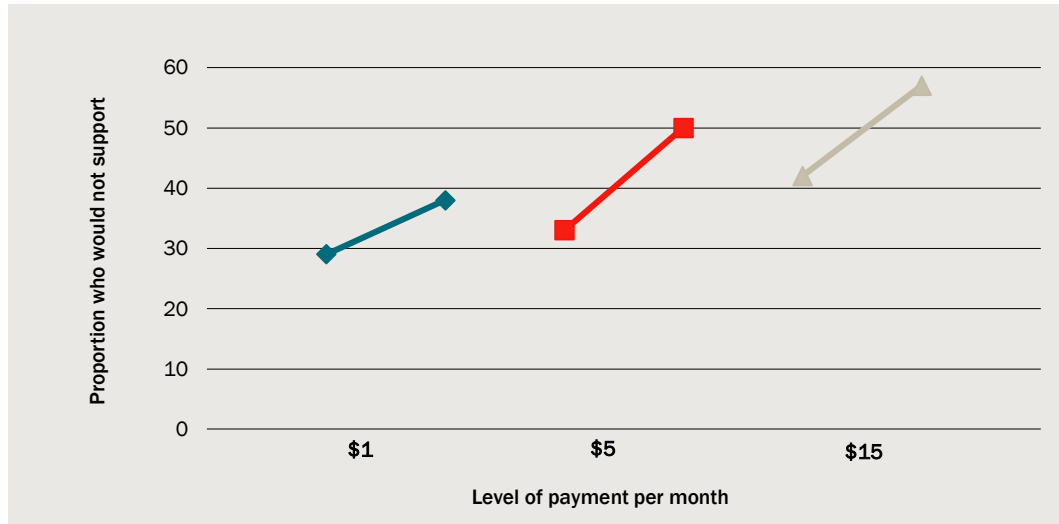
However, in the February 2024 survey (and compared with the original survey in November 2019), public interest journalism seems to have lost ‘top end’ support. For example, between the November 2019 and February 2024 surveys, the proportion of respondents that considered public interest journalism to be ‘very important’ to society fell from 43 per cent to 37 per cent. At the same time, the proportion that considered public interest journalism to be ‘somewhat important’ remained the same (35 per cent). The proportion that considered it to be ‘a little important’ increased from 18 per cent to 21 per cent.

### *Willingness to pay*

This same pattern can also be seen in the responses to the questions used to derive community willingness to pay for public interest journalism. These questions ask participants whether they would support a tax increase in order to help fund public interest journalism, where a range of different dollar amounts were used in the questions.

Chart 2.1 indicates that the proportion of people who ‘definitely would *not* support’ a payment at each level increased sharply between the 2019 and 2024 surveys. The increase is between 9 and 17 percentage points.

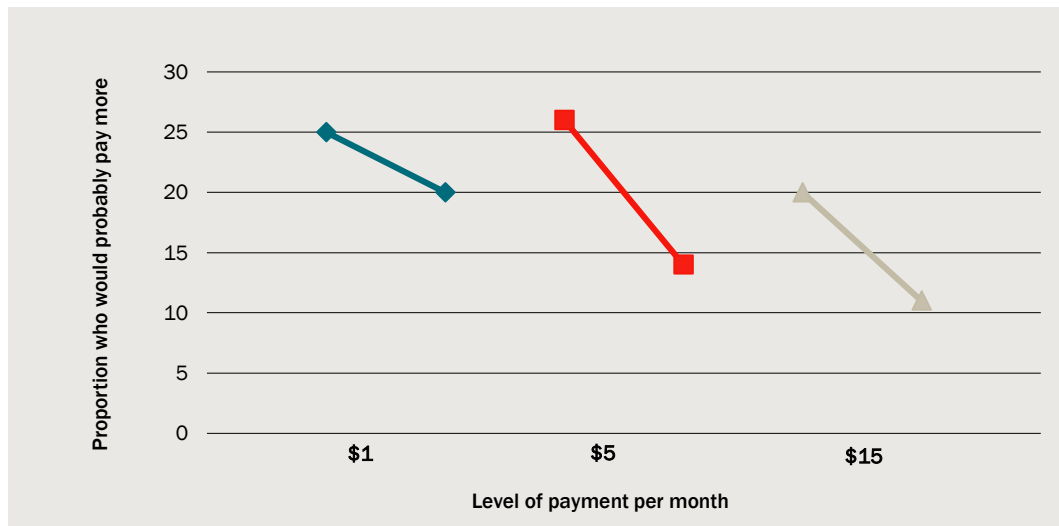
## 2.1 Proportion who 'definitely would not support' by payment level: comparing 2019 and 2024



Data source: CIE estimates based on Essential Media survey results.

At the same time (chart 2.2) the proportion who would 'probably pay more' declined sharply between the 2019 and 2024 surveys. The decline is between 5 and 12 percentage points.

## 2.2 Proportion who 'probably pay more' by payment level: comparing 2019 and 2024

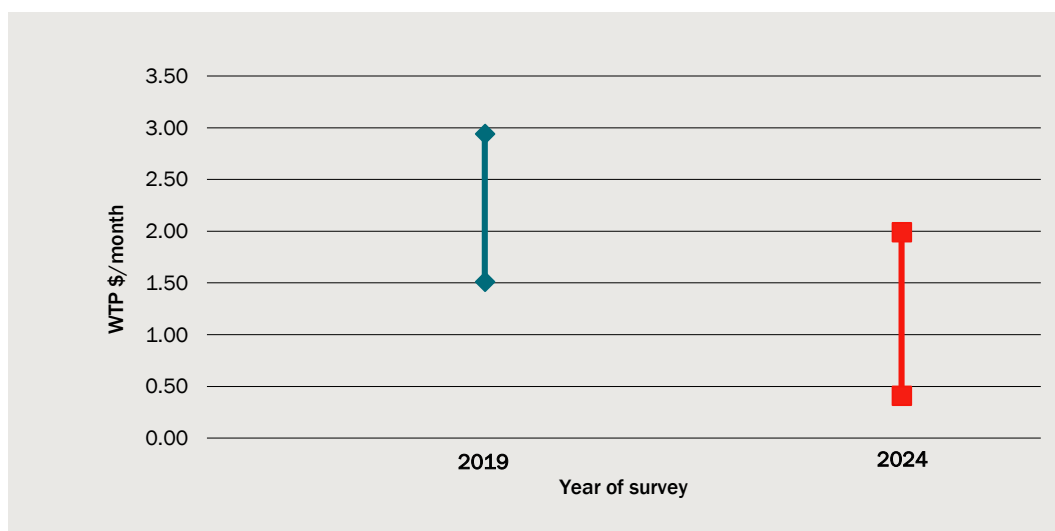


Data source: CIE estimates based Essential Media survey results.

As in the previous study, we use full Essential Media results derive a range for a monthly willingness to pay for a 50 per cent increase in public interest journalism. We estimate this range to be from \$0.41 to \$1.99 per month (per person).

Chart 2.3 compares the 2019 willingness to pay range (\$1.51 to \$2.94) with the range that emerges from the 2024 survey (\$0.41 to \$1.99). Consistent with each of the survey responses summarised above, this range has fallen (by between 70 and 30 per cent).

### 2.3 Overall WTP levels



Note: willingness to pay in dollars per month for a 50 per cent increase in public interest journalism.

Data source: CIE estimates based on Essential Media survey results.

### *Why the decline?*

The Essential Media survey does not directly indicate why willingness to pay has fallen (or why the overall support for public interest journalism has fallen). Recent international literature provides some broad pointers as to the sorts of forces that may be in play.

For example:

- A report published by the Reuters Institute<sup>1</sup> noted that cost of living pressures has led to a general decrease in media subscriptions, which may also be applicable to public interest journalism values. The same study also noted a wide and expanding range of alternatives (many of them free) to media subscriptions, which would be expected to decrease valuations.
- A Korean<sup>2</sup> study indicated that willingness to pay for public journalism depends on perceptions of the performance of public broadcasters, and where this perception declines so too does willingness to pay. This study similarly noted that the availability of substitutes (to traditional media) also decreases willingness to pay.
- A German study<sup>3</sup> noted that the willingness to pay for digital media subscriptions is relatively low, partly because of the many alternatives to traditional media and partly

<sup>1</sup> 'Paying for news: Price-conscious consumers look for value amid cost-of-living crisis' available at <https://reutersinstitute.politics.ox.ac.uk/paying-news-price-conscious-consumers-look-value-amid-cost-living-crisis>

<sup>2</sup> 'Willingness to Pay for the Subscription Fee of Public Broadcasting System', available at [https://www.scirp.org/pdf/AJC\\_2014032814170827.pdf](https://www.scirp.org/pdf/AJC_2014032814170827.pdf)

<sup>3</sup> 'Money for nothing and content for free: willingness to pay for digital journalism' available at [https://www.medienanstalt-nrw.de/fileadmin/user\\_upload/lfm-nrw/Foerderung/Forschung/Zahlungsbereitschaft/Money\\_For\\_Nothing\\_And\\_Content\\_For\\_Free\\_Willingness\\_To\\_Pay\\_For\\_Digital\\_Journalism.pdf](https://www.medienanstalt-nrw.de/fileadmin/user_upload/lfm-nrw/Foerderung/Forschung/Zahlungsbereitschaft/Money_For_Nothing_And_Content_For_Free_Willingness_To_Pay_For_Digital_Journalism.pdf)

because of a perception that things on the internet should be free. In a world in which consumption of news is increasingly digital, this may lead to a decline in willingness to pay for public interest journalism in general.

- A report published by the International Institute for Communications<sup>4</sup> notes that people are generally prepared to pay less for news than for entertainment subscriptions (such as Netflix, for example). This could be used to put an upper bound on willingness to pay for public interest journalism. For example, a base level Netflix subscription (with adds) is \$6.99 per month. This may be viewed as a household number, so on a per person basis this would be around \$2.80 per month. (average household size is 2.5). This is consistent with the upper bound of the 2019 willingness to pay estimates. This provides an indirect indication that willingness to pay might not be expected to increase from the 2019 values.

While none of these studies provides definitive evidence as to why willingness to pay for public interest journalism in Australia has declined over the past 5 years, the various factors identified are highly suggestive and provide avenues for further investigation.

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<sup>4</sup> 'Willingness to pay: news media' available at <https://ses.library.usyd.edu.au/bitstream/handle/2123/26408/IM-Sept-2021-Vol-49-Issue-3-Willingness-to-pay-for-media.pdf?sequence=1>

### 3 Revised benefit cost calculations

#### *Core assumptions*

Using the same core assumptions as previously, we can use the updated willingness to pay assumptions to estimate the potential benefits and costs of a tax concession to public interest journalism.

The core assumptions underlying this analysis are as follows.

- **Representative annual analysis.** While it would be expected that the benefits of PIJ emerge over time, we have constructed the analysis here on a representative annual basis. That is, we assume that the relevant benefits and costs occur at the same time. This is consistent with the WTP estimation of an annual value.
- **Incentive rates.** For illustration, we assume incentive rates of 25 per cent and 50 per cent. Because other assumptions are assumed to be proportional to the dollar value of the incentive, the choice of incentive rate affects overall magnitudes but not the benefit cost ratio.
- **Cost base for journalism expenditure.** Following estimates provided by the ACCC in their *Digital Platforms* report, we assume this is \$600 million.
- **Deadweight loss from taxation.** This item recognises that the tax foregone as a result of the incentive must be made up elsewhere. All tax raising is associated with a deadweight cost that is essentially the result of disincentives within the tax system. Consistent with the CIE review of the R&D Tax Incentive, we assume this is 20 per cent of the amount of the tax incentive.
- **Compliance and administration costs.** The review of the R&D Tax Incentives found compliance and administration costs to be 9 per cent and 1 per cent respectively of total tax expenditure on the program. Given that the R&D Tax Incentive is a very large program (around \$2 billion) and that any PIJ program would be incremental to it, we have assumed half the total compliance and administrative costs, with compliance costs set at 4 per cent and administration costs at 1 per cent.
- **Additionality.** For the base calculation, additionality is assumed to be 1. We provide a sensitivity analysis with additionality at 1.5. Note that the additionality rate is applied to the tax subsidy net of compliance costs which are assumed to be borne by the firm. Compliance costs thus lower the effective amount of the tax subsidy.
- **Willingness to pay (for a 50 per cent increase in PIJ).** Following the results reported above, this is assumed to have a lower value of \$103 million per year and an upper value of \$501 million per year.

Table 3.1 summarises the calculations using these assumptions. Labelled columns (1) and (2) are concerned with notional incentive rates of 25 and 50 per cent while assuming



additionality of 1. Labelled columns (3) and (4) are concerned with notional incentive rates of 25 and 50 per cent, but this time assuming additionality of 1.5.

### 3.1 Summary of benefit cost results

Item	Units	(1)	(2)	(3)	(4)
<b>Core assumptions</b>					
Incentive rate	%	25%	50%	25%	50%
Journalism cost base (\$m)	\$ million	600	600	600	600
Benefit of 50% increase in PIJ: lower	\$ million	103	103	103	103
Benefit of 50% increase in PIJ: upper	\$ million	501	501	501	501
Additionality	Rate	1	1	1.5	1.5
<b>Cost elements</b>					
Gross value of incentive (\$m)	\$ million	150	300	150	300
Compliance cost (4% of incentive)	\$ million	6	12	6	12
Administration cost (1% of incentive)	\$ million	2	3	2	3
Deadweight loss (20% of incentive)	\$ million	30	60	30	60
Total costs	\$ million	188	375	188	375
<b>Benefit elements</b>					
Funds available for PIJ	\$ million	144	288	144	288
Increment to PIJ	%	24	48	36	72
Benefits lower	\$ million	50	99	74	149
Benefits upper	\$ million	241	481	361	722
<b>Net benefits</b>					
Lower	\$ million	-138	-276	-113	-226
Upper	\$ million	53	106	174	347
<b>Benefit cost ratio</b>					
Lower	Ratio	0.26	0.26	0.40	0.40
Upper	Ratio	1.28	1.28	1.93	1.93

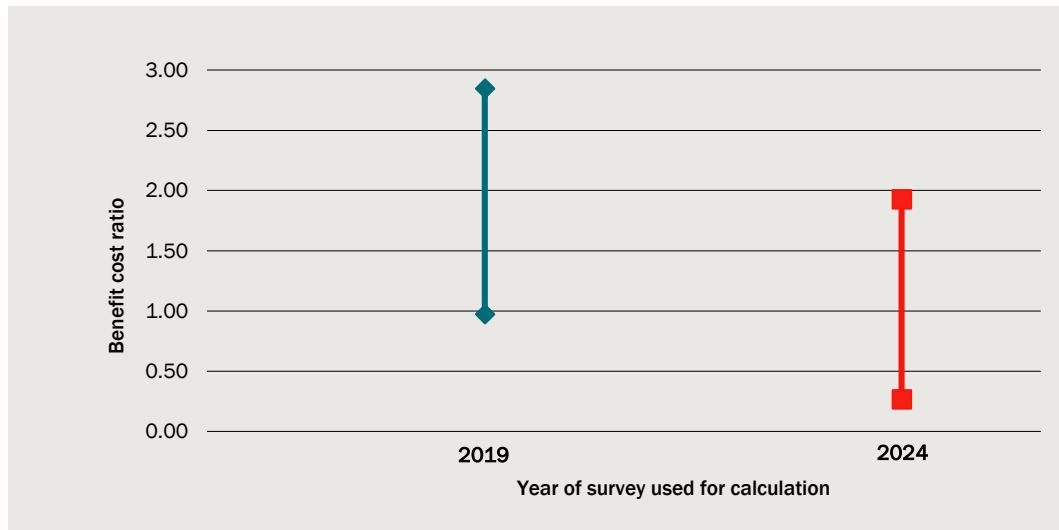
Source: CIE estimates

With additionality of 1, the incentive scheme yields net benefits of between  $-\$138$  million and  $\$106$  million a year, with an associated benefit cost ratio of between 0.26 and 1.28.

With additionality of 1.5, the incentive scheme yields net benefits of between  $-\$113$  million and  $\$347$  million a year, with an associated benefit cost ratio of between 0.4 and 1.93.

Chart 3.2 illustrates the benefit-cost ratios between the two sets of estimates.

### 3.2 Comparison of benefit cost ratios



Data source: CIE estimates incorporating WTP calculations based on Essential Media survey.

The lower willingness to pay estimate clearly makes it more difficult for the scheme to achieve net benefits.

At the lower estimates of willingness to pay, achieving a benefit ratio of 2:1 requires that the tax incentive leads to a 180 per cent increase in the level of public interest journalism. At the higher estimates of willingness to pay, achieving a BCR of 2:1 requires a 37 per cent increase in the level of public interest journalism.

## 4 *Next steps*

### *Willingness to pay for public interest journalism*

The apparent decline in willingness to pay for public journalism creates a clear challenge for interpretation at the same time as offering an opportunity to better understand the underlying basis of the numbers.

While the current structure of the survey does not provide direct indications of the reasons for the decline, the Essential Media approach could easily be extended to provide further information about the factors that drive willingness to pay, particularly in the recent Australian context. This could, for example, involve extending the survey (or have some post survey follow up) to understand the thinking that lies behind the response.

Important areas for further examination include:

- How respondents interpret the term ‘public interest journalism’, and whether, and how, they distinguish between it and other broad ‘news’ and information options.
- How the availability of substitutes (digital in particular) to ‘traditional’ media affects willingness to pay for public interest journalism.
- How willingness to pay is influenced by the presence of a public broadcaster which is in some sense ‘already paid for’ through taxes.
- Related to this, how respondents interpret increments to public interest journalism above what is taking place currently.

One way to approach understanding each of this is to undertake focus group analysis prior to any new willingness to pay surveys. Focus groups allow much more detailed discussion than is typically possible in a survey.

Following the focus groups, it would then be appropriate to make adjustments to the original survey instrument (that is, the set of questions used for the willingness to pay section of the Essential Media survey) to reflect information obtained from the focus groups. It would also be appropriate to have some opportunity for post survey follow up with selected respondents to further explore the reasons behind their responses.

Finally, approaching the research in this way will allow the exploration of new topics that have not arisen in the surveys to date. In particular, the rapid emergence of generative AI across all media creates both opportunities and challenges for public interest journalism. The perception of consumers around AI and the media is likely to be an important component of future willingness to pay for journalism and so initial research with consumers in this area will be valuable.

### *Media company response to tax concessions*

A second stream for research is to gain a better understanding of the relationship between the tax concession and the amount of the increase in public interest journalism.

Recent analysis of the Canadian scheme<sup>5</sup> suggests it has led to cost saving to companies of 10 per cent (from a 25 per cent tax concession applied to labour costs only). What is the magnitude of increase (or avoided decline) in public interest journalism that this has led to?

It would be useful to explore the Canadian experience in more detail to understand the benefits and costs of the Canadian scheme — while noting, of course, that there are important differences between the Australian and Canadian media markets.

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<sup>5</sup> 'Rescuing local news through tax credits: a review of policy in the US and Canada'. Available at [https://techpolicy.unc.edu/wp-content/uploads/2023/06/UNC\\_Tech\\_Policy\\_Future\\_Report.pdf](https://techpolicy.unc.edu/wp-content/uploads/2023/06/UNC_Tech_Policy_Future_Report.pdf).

## 8. About the Public Interest Journalism Initiative

The Public Interest Journalism Initiative (PIJI) is a specialist think tank advancing a sustainable future for public interest journalism in Australia. Through our research and advocacy, we seek to stimulate public discussion and establish optimal market pre-conditions in investment and regulation that will sustain media diversity and plurality in the long term.

PIJI is a registered charity with the ACNC under the charitable category of 'advancing education' (ABN 69 630 740 153). It is a philanthropically funded, non-profit company limited by guarantee governed by a Board of independent directors, advised by an Expert Research Panel and Policy Working Group and regulated by the ACNC, ATO and ASIC.

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## 8.1 Preparation of this submission

In the preparation of this submission, PIJL conducted extensive industry consultation. We thank the following organisations for their comment.

- 360info
- Apple
- Australian Associated Press
- Australian Broadcasting Corporation
- Australian Community Media
- Australian Press Council
- Australian Radio Network
- Central Coast Council Watch
- Centre for Advancing Journalism, University of Melbourne
- Centre for Media Transition, University of Technology Sydney
- Commercial Radio & Audio
- Community Broadcasting Association of Australia
- The Conversation
- Country Press Australia
- Croakey Health Media
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- Digital Publishers Alliance
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- In the Cove
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- Institute for Nonprofit News
- Journalism Education & Research Association of Australia
- The Klaxon
- La Trobe University
  - Limelight Art Media
- Local & Independent News Association
- Manly Observer
- Media Diversity Australia
- Media, Entertainment and Arts Alliance
- Melbourne Press Club
- Myall Coast Communications
- National Indigenous Times
- News & Media Research Centre, University of Canberra
- News Corp Australia
- Nine
- North and West Melbourne News
- Northern Beaches Advocate
- Paramount
- The Pineapple
- Private Media Group
- Public Policy Forum
- Region Media
- SoDa Laboratories, Monash Business School
- Seven West Media
- SmartCo Media
- Solstice Media
- Special Broadcasting Service
- Star News Group
- Today News Group
- Victorian Aboriginal News
- WIN Television
- Yahoo
- Yanchep News Online

Formal governance mechanisms ensured any PIJL directors or advisory committee members with perceived and/or actual conflicts of interest with regard to the content of this submission or this inquiry were not involved in its preparation or approval process.

# [Public Interest Journalism Initiative]

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