



EXECUTIVE OFFICE

23 Marcus Clarke Street  
Canberra ACT 2601

25 January 2022

GPO Box 3131  
Canberra ACT 2601  
tel: (03) 9290 1800  
[www.accc.gov.au](http://www.accc.gov.au)

Standing Committee on Communications and the Arts  
House of Representatives  
Parliament House

By email: [communications.reps@aph.gov.au](mailto:communications.reps@aph.gov.au)

Dear Committee members,

### **Re: Inquiry into Australia's regional newspapers**

We refer to the abovenamed inquiry and Terms of Reference. Our submission is focussed on the impact of the News Media Bargaining Code ('the Code') for regional and remote newspapers (as referenced in the inquiry's Terms of Reference).

The ACCC is an independent Commonwealth statutory agency that promotes competition, fair trading and product safety for the benefit of consumers, businesses and the Australian community. The primary responsibilities of the ACCC are to enforce compliance with the competition, consumer protection, fair trading and product safety provisions of the *Competition and Consumer Act 2010* (CCA), regulate national infrastructure and undertake market studies.

### **ACCC Digital Platforms Inquiry**

The ACCC's Digital Platforms Inquiry (2017-2019) found that media businesses had experienced a significant fall in advertising revenue for reasons including the rise of online advertising, which reduced the ability of those media businesses dependant on advertising to fund Australian news and journalism.

This reduction in advertising revenue affected local and regional providers as well as large and metropolitan media businesses. The ACCC observed that between 2008 and 2018, 106 local and regional newspaper titles closed across Australia (a 15% decrease). The Public Interest Journalism Institute's Newspaper Mapping Project provides up-to-date data on the changes in news production and availability around Australia.<sup>1</sup> Data from this project shows the closure of 74 additional mastheads, broadcasting news stations or individual newsrooms from March 2020 to August 2021.

As the Digital Platforms Inquiry noted, the reporting of local and regional affairs including local government and local court reporting performs a critical role in holding governments, corporations and individuals to account, exposing corruption, as well as in the production and dissemination of knowledge.

---

<sup>1</sup> Public Interest Journalism Initiative, [The Australian Newsroom Mapping Project](#).

## News Media Bargaining Code

The ACCC's Digital Platforms Inquiry also found a substantial imbalance in the bargaining relationship between leading digital platforms and Australian news media businesses in its final report.<sup>2</sup> The ACCC's Digital Platforms Inquiry final report recognised that news media businesses, consumers and digital platforms all benefited from the reproduction of news content in snippets. However, the report concluded that individual news media businesses needed and relied upon digital platform referrals more than the platforms needed and individual news media businesses content. This power imbalance meant news media businesses of all sizes accepted considerably less favourable commercial terms than they otherwise might accept relating to the availability of their content on each of these platforms.

The ACCC considered that addressing this bargaining power imbalance was important to assist the sustainability of the Australian news media sector, which is essential to a well-functioning democracy.

The ACCC's Digital Platforms Inquiry recommended the introduction of a code (s) of conduct to govern the commercial relationships between the large digital platforms which benefited from the bargaining power imbalance and news media businesses.

Parliament subsequently legislated the News Media Bargaining Code with the *Treasury Laws Amendment (News Media and Digital Platforms Mandatory Bargaining Code) Act 2021* (the Act), coming into effect on 2 March 2021.<sup>3</sup> The Australian Government is required to review this legislation in 2022 to ensure it remains fit for purpose.<sup>4</sup>

Under the legislation, the Treasurer is able to designate certain digital platforms as subject to the obligations under the Code. In deciding whether to designate a digital platform, the Treasurer must consider whether there is a significant bargaining power imbalance between the platform corporation and Australian news businesses, and also whether the platform corporation has made a significant contribution to the sustainability of the Australian news industry (including through agreements to remunerate those businesses for their news content).

Following the passing of the legislation and the introduction of the Code, and because of this, Google and Facebook have reached voluntary commercial deals with a significant number of news media organisations. While the Treasurer has not designated any digital platforms or services to date, the existence of the Code and the threat of designation is having the appropriate impact.

There is no obligation on the platforms to provide details of commercial agreements reached. Further, the ACCC does not have any formal role in monitoring outcomes. However, we understand at least 30 agreements have been reached.<sup>5</sup> These agreements span a range of media organisations including local and regional media businesses (and/or businesses with local or regional arms and publications). The ACCC understands that these deals involve substantial remuneration, with public reports suggesting total amounts, per annum, in the several hundreds of millions of dollars.<sup>6</sup> Reports also indicate that this has resulted in a strong hiring environment for journalists.<sup>7</sup>

---

<sup>2</sup> ACCC, [Digital Platforms Inquiry Final Report](#), 26 July 2019.

<sup>3</sup> See – Final legislation <https://www.legislation.gov.au/Details/C2021A00021> and explanatory memorandum <https://www.accc.gov.au/system/files/Revised%20explanatory%20memorandum.pdf>

<sup>4</sup> Under section [5ZZS CCA](#).

<sup>5</sup> Joint media release the Hon Josh Frydenberg MP and the Hon Paul Fletcher MP, [News Media Bargaining Code delivering for regional Australia](#) 3 December 2021

<sup>6</sup> <https://www.theaustralian.com.au/business/facebook-and-google-sign-500m-in-deals-with-australian-media-outlets/news-story/090779d29b889ea95af1d07ffdfa777f>  
<https://www.smh.com.au/business/companies/seven-west-media-inks-30-million-a-year-google-deal-20210215-p572iv.html>;

Included in these deals are the agreements that Country Press Australia, which represents almost 180 independently owned regional and local newspapers across Australia has reached with each of Google<sup>8</sup> and Facebook<sup>9</sup>. This followed the ACCC's authorisation of collective bargaining by Country Press Australia's members to negotiate with each of Facebook and Google concerning payment for content produced by those members and featuring on those platforms.<sup>10</sup>

In addition to the remuneration obtained by members of Country Press Australia, remuneration obtained by other national news media businesses under agreements with Google and Facebook has also been reported to have significant impacts for regional and local journalism with key media businesses announcing greater investment in regional and local news. The ABC has recently committed to increase the number of regional journalists it employs by around 10% (more than 50 roles) from December 2021, which it said was a result of its deals with Facebook and Google.<sup>11</sup> News Corp has reportedly re-invested in its local news strategy, including the announcement of additional roles in regions and communities.<sup>12</sup> Seven has also reported the money used from its deal would be invested in journalism, particularly commenting on their continued investment in regional and community newspapers and sustainability.<sup>13</sup>

The ACCC considers the Code, the consequent commercial agreements, and the public commitments by significant Australian news businesses for increased investment in journalism and regional news, are a very positive step to supporting the provision of the important public benefits associated with public interest journalism, including in regional areas.

The ACCC thanks the Committee for the opportunity to make a submission, and would be happy to provide further detail on any of the issues raised in this submission.

Yours sincerely



Rod Sims  
Chair

---

<https://www.businessinsider.com.au/google-australia-nine-entertainment-30-million-news-2021-2?r=US&IR=T>;

<https://www.adnews.com.au/news/is-news-corp-banking-more-than-100-million-in-content-deals>;

<sup>7</sup> <https://oecdvtv.webtv-solution.com/embed/77095522a08a34391c27e73b54400803/en/video>.

<sup>8</sup> K Beddoe, [Country Press Australia titles to join Google News Showcase](#), *Google The Keyword Blog*, 3 September 2021.

<sup>9</sup> M Cheik-Hussein, [Country Press Australia, Facebook sign letter of intent for news payments](#), *AdNews*, 5 July 2021.

<sup>10</sup> ACCC, [Authorisations register – Country Press Australia \(CPA\)](#).

<sup>11</sup> J Woodburn, [ABC to hire over 50 regional journalists across more than 20 'news desert' locations after Facebook, Google deal](#), *ABC News*, 3 December 2021; J Woodburn, [ABC managing director David Anderson announces funding injection for regional bureaus](#), *ABC News*, 5 November 2021.

<sup>12</sup> M Ward, [News Corp invests in regional news one year after move to digital only](#), *Australian Financial Review*, 10 May 2021; B Healey, [News Corp says it has formalised payments from Google and Facebook and is investing in subscription-driven 'hyper local news'](#), *Business Insider*, 10 May 2021.

<sup>13</sup> Z Samios and L Visentin, [Google closing in on news content deals with ABC, Nine, Guardian](#), *Sydney Morning Herald*, 15 February 2021.