



## Summary of Future of Journalism Roundtable

On 15 March 2019, the Australian Competition and Consumer Commission (ACCC) held a roundtable meeting in Melbourne bringing together key academics, economists and media stakeholders on proposals for the support of public interest journalism. The Roundtable covered relevant preliminary recommendations and areas for further analysis in the *Digital Platforms Inquiry (DPI) Preliminary Report*, as well as proposals raised in public submissions to the Inquiry.

The meeting was chaired by ACCC Chair Rod Sims, with ACCC Deputy Chair Delia Rickard, ACCC Commissioner Roger Featherston and staff from the ACCC also present.

The academic presence at the roundtable was led by Professor Ross Garnaut, Professorial Research Fellow in Economics, Faculty of Business and Economics at The University of Melbourne, along with a number of other academics.

Senior representatives of media businesses and relevant Federal government agencies and departments were also strongly represented.

The meeting agenda is **Attachment A**.

The following is a summary of the issues discussed at the roundtable meeting.

### **1. The under-provision of journalism – what is the problem we are trying to solve?**

#### *The scale and nature of the problem*

Participants reached a general agreement that the decline of resources for Australian journalism is large and a serious problem.

Numerous participants noted reductions in the provision of particular types of journalism, including specialist ‘rounds’ or ‘beats’ such as reporting on local government, local courts, health, crime and education.

Participants noted these areas have suffered due to a decline in the employment of specialist reporters, with media outlets increasingly covering these areas with reporting from generalist reporters or syndicated newswire content.

Participants linked this trend to a contraction of the size of newsrooms, noting that while a number of smaller news organisations had recently launched in Australia, there is no substitute for the type of reporting that can only come from large newsrooms. Some participants also felt that the quality and accuracy of journalism was declining due to lower availability of resources to perform functions such as sub-editing and fact-checking.

Through the course of all sessions, multiple participants noted that journalism in local, rural and regional areas was particularly under threat, with declining numbers of journalists employed to cover these areas by local publications. Participants noted that despite its excellent reputation for providing coverage in regional areas, the Australian Broadcasting Corporation (ABC) employed far fewer journalists than local commercial newspapers. One example given was of a regional newspaper that employed 75 editorial staff to cover an area to which the ABC only devoted four or five journalists.

### *Investigative journalism*

Participants expressed various views about the current provision of investigative journalism. Some believed that this type of reporting remains strong in Australia, reasoning that news outlets have found ways to counteract reduced resources by increasing collaboration between rivals, and citing high-profile examples such as collaboration of journalists from 30 countries on 'the Panama Papers' and more frequent collaboration in Australia between commercial media and the ABC.

One participant noted that the move towards subscription-based business models for news incentivised the production of high-profile investigative journalism; others noted the decision by larger media companies to retain 'star investigative journalists' while cutting costs in other areas.

However, other participants believed that investigative journalism in Australia was under significant threat. A number of participants noted that the decline in daily specialist reporting has flow-on effects to high-profile investigative journalism, as this type of reporting often forms the basis for larger stories.

Participants suggested that these differing opinions may be caused by different definitions of 'investigative journalism'. Some defined it very strictly as a rare genre of 'high profile' stories with significant public impact. Others believed that 'all good journalism should be investigative' and made less distinction between high-profile stories and everyday coverage provided by news outlets.

### *'Public interest journalism'*

While roundtable participants generally agreed that public interest journalism was vital to the successful functioning of democracy, there were very different definitions of 'public interest journalism'.

One participant noted that the common purely economic analysis that declining resources necessarily leads to declining public interest journalism fails to account for 'journalistic culture'. They believed that due to this culture, news outlets facing resourcing issues would elect to cut arts or other 'soft' areas of coverage but retain coverage of issues of significant and national importance which constitute 'public interest journalism'.

However, other participants believed that 'public interest journalism' was much broader, and that all types of daily coverage had a public benefit.

One participant noted the difficulty in quantifying 'public interest journalism' as a concept. However, they believed you could quantify resources required to adequately cover particular areas – such as the number of journalists needed to adequately report on courts or local councils throughout the country.

## 2. Financial support for journalism at risk of being under produced

### *Challenges involved with Government funding for journalism*

Chair Rod Sims opened this session summarising the issues surrounding the design of any public financial support for journalism. He noted that Government measures designed to provide more targeted support are at higher risk from the perception of Government interference of an independent media. However, broader measures are less likely to provide efficiency and 'bang for the buck'.

He also noted that the various public support options set out in the agenda should not be viewed as mutually exclusive choices, and that it was possible for various types of support to be provided as part of a package.

Professor Ross Garnaut stated his view that the decline in independent, effective journalism – the Fourth Estate – could cause significant problems for democracy. He discussed the most important issues leading to the need for public support, and outlined his proposal to guarantee independent public funding for journalism.

Professor Garnaut put forward two new proposals for journalism funding for discussion. These proposals involve funding both private sector public interest journalism and the ABC through endowments in the Future Fund, and are presented in detail at **Attachment B**.

### *The provision of public funding of journalism*

Most participants agreed that some degree of public funding or financial support for journalism would be appropriate, given the funding issues being experienced in the sector.

Some participants expressed some support for Professor Garnaut's proposals for Future Fund endowments, noting that the problems with journalism were 'too large for incremental solutions'. Some participants questioned how the proposal to support private sector journalism would incentivise new entrants into the market (being allocated according to existing readership numbers) and 'digital native' news outlets with a nationwide audience (being allocated based on geographic regions).

Professor Garnaut noted that new market entrants would 'automatically qualify' for support under his proposal if they fulfilled appropriate criteria. Professor Garnaut conceded that it may be difficult to secure widespread agreement about how to set these criteria at the start of his proposed scheme.

One participant suggested that as funding issues have been caused by large digital platforms absorbing a large proportion of advertising revenue once earned by media outlets, it would be appropriate to redistribute the 'superprofits' of these companies to support journalism. It was noted that redistributing a reasonable proportion of digital platforms' Australian profits could provide around \$1 billion, an amount that would make a significant contribution to public interest journalism in the country. They further noted that this may 'solve a problem' for digital platforms, which would like to support journalism, but were unwilling to do so directly due to fear of being labelled 'publishers', and needing to take up the responsibilities associated with this status. Some other participants agreed with this analysis.

Participants agreed that any Government support should be looked at as a 'package' of measures that were not mutually exclusive. They also emphasised that the intent of Government funding should not be to replace for-profit activities by journalism outlets; rather it should be 'part of the puzzle'. One participant stated that the way such a support package fits together would be as important as the components of the package themselves.

### *The role of the ABC*

Participants also discussed the role of the ABC in assisting public interest journalism in response to Professor Garnaut's proposal to increase the ABC's independence from Government and secure fixed long-term funding. One participant suggested that this model should also apply to the SBS to encourage continued provision of journalism on multicultural and Indigenous issues.

Some noted the debate about whether the ABC's free, comprehensive online news coverage made it more difficult for commercial news providers to attract subscribers. One participant suggested there was a role for the ABC to help out more with coverage in regional areas through training and collaboration with commercial regional news providers. Another participant suggested that the Government consider the United Kingdom (UK) Government's Local News Partnership, through which the British Broadcasting Corporation (BBC) funds the placement of BBC journalists in private newsrooms across the country, and these journalists both write for that newsroom and make their reporting available to the BBC and other news publishers.

### *The Regional and Small Publishers Jobs and Innovation Package and direct funding*

A number of participants put forward strong opinions about the Government's existing Regional and Small Publishers Jobs and Innovation Package, and primarily this scheme's Innovation Fund component.

Many participants believed that the assessment criteria for this grants scheme were too narrow, as they focused only on 'innovation' projects rather than supporting ongoing operations of news organisations that are experiencing financial issues. Some participants also expressed concern that the applications process for this grant scheme was too onerous and involved for small publishers, which didn't have resources or experience with other grants processes necessary to participate fully, and were not supported appropriately by the Government in making their applications. Others expressed concern that the design of this grants scheme was 'politicised' from the start to exclude certain market participants from being eligible.

One participant believed that the conduct of the Innovation Fund grants scheme highlighted the need for direct funding for small and regional publishers. Another participant agreed that regional publishers in particular would welcome direct funding to help them keep operating while they transition to a new more sustainable business model.

One participant noted that regional publishers were under strain from cost issues in addition to declining advertising revenues, such as adverse outcomes from defamation action. It was noted that it was particularly unfair that large and profitable digital platforms were not treated as publishers and therefore do not have to be subject to these challenges.

### *Tax incentives to support public interest journalism*

Some participants expressed support for a targeted tax incentive to assist with the production of journalism, which was identified as an area for further analysis in the *DPI Preliminary Report*. They noted the need to ensure that the incentive is well-targeted to the type of content that should be supported, that it should be allocated at 'arm's length' from Government, and should provide the public with transparency of the content it is supporting.

Several participants noted the importance of performing cost modelling as part of the design of any potential tax offset. One participant suggested that the design of a tax incentive could be informed by the design of existing Australian Government tax incentives for the screen production industry.

### *Philanthropic support for journalism*

Participants supported measures to increase philanthropic support of journalism in Australia. One participant noted that while philanthropy would not 'solve the whole problem', it would be particularly useful in the period while media outlets are transitioning to sustainable business models for the production of journalism, as well as in the longer-term. Participants agreed that while useful, philanthropy can only play a 'relatively small role' in addressing large issues with funding for public interest journalism.

Some participants raised the constraints placed on philanthropic funding in Australia due to current regulatory and taxation settings, noting that philanthropic support for journalism does not fall neatly into the existing legislative categories for Deductible Gift Recipient (DGR) or registered charity status. This makes it complicated for philanthropic organisations focussed on supporting journalism to apply for these tax benefits.

### **3. Supporting existing journalism revenue models**

#### *Transparency of the digital advertising technology supply chain*

Chair Rod Sims opened this session by asking participants how useful the DPI Preliminary Report's Preliminary Recommendation 4 would be in helping journalism. This recommendation would see a regulatory authority monitor, investigate and report on whether large vertically-integrated digital platforms are engaging in discriminatory conduct in the advertising market.

Many participants agreed that making the 'ad tech chain' more transparent would be helpful to media businesses. One participant said their business would rank the opacity of digital advertising as the single most important issue to solve in order to make their business model sustainable online.

These participants expressed significant concern about the current state of digital advertising, in which large digital platforms as well as a growing number of intermediaries – 'ad tech vendors' – intercept the majority of revenue from advertising on digital news content. Participants noted that there was no standard format for how advertisements are sold online, or how their performance could be monitored and tracked by advertisers.

One participant noted that the number of these ad tech vendors serving the Australian market was rapidly increasing – from 350 in 2013 to 5000 today, including 300 significant companies, the biggest being Google. They described this situation as a 'Wild West' of advertising intermediaries that was only getting worse.

Participants were also concerned that the opacity of the digital advertising process allows high levels of fraud, with many advertisements potentially not even being viewed by users.

Several participants believed that providing transparency to the digital advertising chain would in itself materially affect advertiser behaviour in a way that benefitted journalism businesses, as advertisers genuinely want their spending to go towards supporting digital media publishers rather than advertising intermediaries. These participants gave examples of large advertisers explicitly agreeing to this preference for directing their advertising spending.

### *Other business model issues*

Some participants raised other issues around advertising and business models for digital media.

One participant noted that opacity of the advertising technology chain was not the only problem, but that there was also an issue with 'native advertising'. This is a form of advertising in which advertisements are made to look like journalistic content. They believed that media literacy was not as high as commonly believed, and many readers might not be able to distinguish between native advertising content and editorial content. They stated that this is a significant issue for the quality of news in Australia.

Another participant added that the taxation arrangements of major publishers should also be made transparent, and that this would be particularly relevant to any consideration of tax incentives or rebates for public interest journalism.

## **Session 4: supporting choice and quality in news and journalism**

### *Signalling quality of news content on digital platforms*

Chair Rod Sims opened this session by seeking participants' views on the proposal to 'badge' news content as a quality signifier for users, identified as an area for further analysis in the *DPI Preliminary Report*. Participants provided various types of feedback to this proposal.

Several participants noted the risk that such a scheme might lead to Government oversight of the media, and that this should be avoided by ensuring that the scheme is administered by the industry rather than the Government.

One participant noted that established publications had already built public trust in their brands, and would not be helped by a further badge or quality indicator. Instead, they seek better prioritisation of high-quality news in the algorithms that rank and display content.

One participant raised concerns that a badging scheme would need to be highly transparent about what the badge actually means, and the kind of behaviour or actions that might lead to a source losing the badge. They noted the risk that lower-quality news sources may qualify for the badge, and it was unclear how many times, or how severely, a proposed code of conduct would need to be breached before the badge was retracted.

One participant raised the possibility that given the international debate about 'alternative facts', some may choose to launch their own competing 'alternative' trust indicators, diminishing the value of such a measure.

One participant noted that this scheme would require a cross-platform regulatory code for media, and that this had been lacking for numerous years due to the converged media landscape.

Several participants noted that the digital platforms themselves were already introducing this kind of badging. They made particular reference to the Google Trust Project, which has been launched overseas. This project involves providing 'trust marks' to certain news content based on indicators such as publication ownership, number of staff and the existence of a code of conduct. This is intended to combat disinformation and misinformation by certifying some information as more trustworthy than others.

Participants noted the potential issues with this model being employed by digital platforms themselves, as it is heavily reliant on a single certification body, which will be aiming to encourage certain 'good behaviours'.

## *Ranking algorithms influencing news content*

Chair Rod Sims invited feedback on Preliminary Recommendation 5 in the *DPI Preliminary Report*. This recommendation would see a regulator would monitor, investigate and report on the ranking of news and journalistic content by digital platforms and the provision of referral services to news media businesses. This elicited multiple views from participants, both about issues involved with algorithms ranking news content, and the recommendation itself.

Several participants discussed the extent to which the ways digital platforms rank and prioritise content affects both editorial content and business interests of news media companies.

One participant provided the example of Facebook's current algorithm, which prioritises content that receives engagement from Facebook users such as comments and 'sharing'. They said that this has a material impact on how publications create and distribute content, as it encourages news outlets to frame stories in particular ways, rather than publishing straight and objective information.

A number of participants also noted that algorithms currently used by digital platforms often de-prioritise news content behind paywalls, resulting in less sharing and readership, and ultimately fewer subscribers to media companies that employ paywalls.

Some participants were particularly concerned about the effect of de-prioritising paywalled content, stating that digital platforms favoured 'free re-writes' of subscription content above the work of originating publications, in order to monetise this content themselves. These participants sought changes to the algorithm that would instead recognise high-quality original journalism and reward the creators of such content with higher viewership.

A number of stakeholders expressed the belief that digital platforms have a duty to help generate revenue for high-quality original journalistic content, and dis-incentivise the production of low-quality and non-original journalistic content. They would like platforms to do this by changing their algorithms to give priority to the original source of a news item.

However, some participants noted that algorithms favouring free content over pay-walled news articles served the interests of consumers. This was followed by some broad discussion about the merit of paywalls for journalism, and the potential inconvenience of paying for journalism online from a number of different sources, each with their own paywall. Some participants also expressed various views about how closely media businesses should work with digital platforms such as Facebook to share revenue.

Some participants supported Preliminary Recommendation 5 in theory, but expressed that it was unclear how a regulator would act to monitor news ranking algorithms. One participant suggested that the regulator should be the same as the regulator administering Preliminary Recommendation 4, and that the proposal would benefit from a pilot program. One participant broadly supported regulatory oversight of news ranking, but emphasised that this must be carefully managed to avoid direct regulation of 'desirable' news content by the Government.

One participant supported regulatory monitoring and reporting on news algorithms, but also suggested that the Government mandate more openness and transparency for the workings of these algorithms, allowing them to be investigated and reported upon by journalists and scholars. They noted that this kind of investigative work on the algorithms of digital platforms is routinely and increasingly undermined by contractual decisions, complaints, retraction of API access and the use of criminal prosecutions to prevent good faith public research.

They believed there would be value in the Government requiring mandatory minimum levels of transparency to prevent this, in addition to oversight by a regulator.

## **Session 5: Financial payment for the use of publisher content**

### *Compensating news organisations for use of content*

Chair Rod Sims opened this session by noting that the production of journalistic content is costly and that digital platforms use some journalistic content without monetary compensation. He encouraged discussion of various solutions to this problem, including those put forward by media companies in their submissions responding to the *DPI Preliminary Report*.

One participant noted that digital platforms have disproportionately large bargaining power over news organisations, and therefore can set the terms of engagement. Another participant noted that the issue should not be framed as a matter of bargaining power between news organisations and digital platforms – but rather as the right of citizens to have access to high-quality information.

Participants discussed various models that would include mandatory requirements for digital platforms to pay for the use of content. Media participants specifically referenced the similar proposals for statutory licence schemes and content access regimes made as submissions to the *DPI Preliminary Report*. Participants had different views about these proposals.

One participant raised the difficulties with setting appropriate prices in statutory licensing regime, and that other comparable text-based industries were in the process of moving away from licence regimes as both copyright owners and users were unhappy with their operation. This participant then cautioned against adopting such a regime without a good idea about how, and by whom, prices would be set. Mr Sims noted that the statutory licence regime for recorded music was still popular, and that a statutory regime may encourage voluntary licensing between parties.

One participant noted that news content was only a small part of the type of content valued by digital platforms. On that basis they felt uncomfortable imposing a mandatory payment regime on successful innovative businesses just to support struggling news organisations.

In response to this, another participant noted that the media industry itself had been highly innovative and disruptive over recent years, and that the large digital platforms were in fact stifling innovation by purchasing competitors such as Snapchat and advertising technology companies.

They also noted that innovation by media companies was being blocked by the same issues around financial compensation, such as difficulties in monetising increasingly popular formats such as podcasts. If these were put behind a paywall, they believed digital platforms would make it very hard for audiences to find and access them.

### *International approaches*

Participants discussed international approaches to this issue, including the recent recommendation of the Cairncross Review that would establish a code of conduct to guide best-practice negotiation between platforms and publishers. Participants did not provide strong views on this proposal. They noted that this co-regulatory model would require cooperation between parties, and it would be important to consider the incentives, or mandatory requirements, that would encourage digital platforms to participate in such a scheme.



Participants noted that the European Union has been grappling with these ideas for some time, and encouraged the ACCC to continue monitoring the progress of the 'link tax' proposed in Article 11 of the European Commission copyright directive. One participant advised that it was important to think about how such taxation would lead to behavioural change, and affect how people share and engage with news content. They noted that such proposals could have significant flow-on effects for parties other than the large digital platforms, and it was important to consider the effects of such action on the broader internet ecosystem. They believed that there were 'no clear answers' or 'one size fits all' solutions to these issues.

### *Difficulties partnering with digital platforms*

Several participants raised examples of difficulties partnering with large digital platforms, with one noting the partnerships always ended up costing the participant's company money.

One participant gave the example of attempts to monetise video on digital platforms, which provided negligible returns. They noted that now digital companies were asking news providers to provide content suitable for use by smart speakers – but in a format that is 'atomised' and removed from the branding of news companies – meaning again this delivery of news will be difficult to monetise.

## **Session 6: Other proposals and considerations**

Mr Sims opened this session by inviting participants to raise any other relevant issues that had not yet been discussed as part of the roundtable.

### *Philanthropic funding for journalism*

Several participants raised further points about philanthropic funding for journalism, noting the increase in the number of non-profit independent organisations doing serious journalism in Australia and overseas.

In particular, one participant raised the fact that the United States has around 200 non-profit journalism organisations across the country, and philanthropy contributed around US\$350 million to journalism in 2018. They noted increased collaboration between non-profit newsrooms and mainstream media, likening the relationship to the one between large mainstream Hollywood studios and independent film producers. They also noted that the success of philanthropic funding in the United States has been aided by the fact that non-profit journalism organisations are given tax benefits and deductible gift recipient status in the country – meaning that 'mums and dads and large foundations can all donate'.

In response to a question about whether the source of philanthropy may influence the journalism it funds, this participant noted that the United States tax law has criteria preventing advocacy groups receiving non-profit status. They also noted that while the aims of a philanthropic foundation may influence the kind of journalism its donations enable, editorial separation within these organisations means that philanthropists can never directly tell journalists which stories to cover, or how to cover them.

Another participant made further points about recent history of philanthropic funding of journalism in the United States, noting that initial heavy investment from philanthropic foundations at one stage waned, but was now returning. This participant noted the US\$300 million fund recently announced by the Knight Foundation, and encouraged the ACCC to look at their criteria for providing funding. They also noted the success of the US's ProPublica in producing high-profile investigative journalism, and that philanthropists were also increasingly interested in funding local coverage.

### *Consumer behaviour*

One participant noted that much discussion about the future of journalism focuses on supply side questions, and encouraged the industry and the ACCC to consider why people stop buying or reading news, or why they are reluctant to pay for high-quality journalism.

They suggested that stakeholders consider what stimulates demand for journalism, and that simply creating more high-quality journalism may not be the right approach. They speculated that increasing media literacy among young people may help stimulate demand, as without such education people 'may not even know what they're reading is news'. They also suggested that given so much information on platforms popular with young people such as Instagram is visual, these should be taken into account when designing digital literacy programs.

One participant disagreed with the lack of media literacy among young people, stating that 'we underestimate how young people access news'.

### *Issues with providing content through digital platforms*

This session also featured a wide-ranging discussion about efforts to find sustainable business models online, including through various degrees of partnerships with large digital platforms.

One participant noted that there is a tendency to diagnose commercial problems with journalism businesses as business models. They believed that it is incorrect to assume that the need to transform businesses necessarily means that the type of journalism that is produced needs to fundamentally change. They stated that this was a problem with the Regional and Small Publishers Innovation Fund, which in asking businesses to fundamentally transform was 'adding instability to an already unstable industry'.

One participant noted that while Facebook was a problematic business partner, noting that having the majority of their audiences accessing news through social media puts news producers in a very vulnerable position. However, this participant believed that it was an important way young people access news, and stated that journalism businesses should harness this as an opportunity rather than seeing it as a problem.

They noted that because of the large reach and influence of digital platforms such as Facebook, it would be worth exploring how to successfully work with these platforms on sustainable models. For example, they suggested that instead of publishers each running their own paywall, there would be an opportunity for Facebook to charge users a small amount for reading each article, and share revenue with publishers.

Other participants were wary of this proposal, and expressed a preference to have direct commercial incentives to put high-quality content on digital platforms.

Many participants agreed that media companies were disadvantaged by the opacity of digital platforms' algorithms to rank and prioritise content. They cited particular examples, including: Facebook's initial moves to prioritise video content, which encouraged many companies to invest in video producers, but which was then reversed; and Facebook's change to ranking algorithms in early 2018 that de-prioritised news content and promoted other content.

Many participants were particularly concerned about the lack of consultation with media partners and the 'unilateral' nature of these changes by Facebook. One participant believed that 'it's unacceptable that Facebook could change the algorithm and undermine media business models overnight'.

### *The value of paywalls*

This session featured some more general discussion about the value of paywalls, and the 'cumbersome' nature of consumers having to sign up for different subscriptions to access content from different publishers.

One participant noted their research on paywalls, which showed that this model's recent resurgence in popularity was because it reduced dependency on advertising. However, they noted that this model won't work for everyone, and especially may not be suited to smaller outlets just starting up. They believed there was a role for both paywalls and advertising-funded models.

One participant noted that regional publications can have issues with paywall models. They noted that while the paywalls were usually 'leaky', and during an emergency event such as a natural disaster, for example, there is an expectation there are no paywalls at all.

### *The nature of Government intervention*

One participant argued that the Government should be wary about quickly introducing industry-specific regulation or legislation, given the pace of change in the sector. They provided the example of Facebook indicating it is moving away from the public newsfeed model to a more private WhatsApp/Instagram model, suggesting that any legislative change may already be out of date by the time it comes into effect.

One participant noted that regulatory mechanisms that would improve the sustainability of media companies – like making digital advertising more transparent – may not necessarily lead to increased investment in public interest journalism. They noted that companies may instead just add additional revenue to their bottom line. They suggested that with no incentive to reinvest the incremental benefit of government intervention into public interest journalism, this might be a pyrrhic victory. They favourably noted recent Canadian and French initiatives to fund public interest journalism, which were 'very finely targeted' to ensure that funding or tax breaks go to support public interest journalism itself.

Another participant disagreed with this analysis, stating all journalism is in the public interest, and that attempting to define 'public interest journalism' would involve 'deciding what journalism is valuable and what isn't.' They believed that 'carving out a definition of what type of journalism is worthy of funding and what isn't starts down a dangerous road' of Government intervention with editorial decisions.

As part of this discussion, several participants agreed that all types of journalism can be in the public interest, repeating points from earlier sessions that large high-profile investigative stories are often 'sparked' by smaller stories covered by 'beat reporters'. They provided examples such as recent important Australian work about doping in sports, despite the fact that sports reporting may not be considered 'public interest journalism' under some definitions; and the fact that the *Boston Globe* 'Spotlight' investigation was sparked by the work of a courtroom beat reporter whose job 'wouldn't exist anymore'.

### *Declining local, regional and rural coverage*

One participant expressed significant concerns about the decline of local reporting in regional, rural and suburban areas. They noted that this trend predated digital platforms, and was partly brought about by broader media consolidation and commercial decisions by private media organisations, resulting from 'regulatory settings and policies we've adopted over decades.'

They stated that while there was still competition between media providers wanting to tell national and international stories, 'what we're missing out on is regional journalism.' They gave the example of the area of Casey in Melbourne's suburbs, which receives no specific coverage by the ABC or *The Age*, despite its population being 'around the size of Canberra'. They stated that this means 'there is very little scrutiny of what's going on at a local council level for hundreds of thousands of people.'

One participant emphasised that regional publishers held their role in providing accountability at the local council level to be very important. A relevant issue for 'free' newspapers was finding future sources of funding for these newspapers.

One participant agreed with the issues raised about lack of local and regional coverage. On this basis, they suggested that Government intervention needed to be 'much bigger' than incremental tax breaks or changing algorithms – it would require a restructure of funding for journalism in Australia. They commented favourably on Professor Garnaut's proposal put forth in Session 2, and on the UK Government's Local News Partnership Program.

One participant acknowledged the importance of issues with local journalism, but emphasised that there are also issues at a national level, and that publications with national audiences were still struggling due to the business model being 'broken'. They believed ensuring transparency of digital advertising 'sits comfortably' alongside other measures to address these business model problems.

#### *The digital platform as a publisher*

One participant noted that digital platforms should be considered publishers. They believed that as major platforms now employ moderators to delete posts, they are essentially publishers. They believed that sooner or later there should be an 'even playing field' between different formats, noting that there are significant issues on digital platforms that society needs to deal with – including duty of care, bullying anonymous comments and the prevalence of fake news.

## Future of Journalism Roundtable agenda

Time (pm)	Sessions/topics
1.00 – 1.10	Welcome and housekeeping
1.10 – 1.30	<p><b>Session 1: Under-provision of journalism – what is the problem we are trying to solve?</b></p> <p>Consideration of factors determining the nature and magnitude of the risk to journalism, including:</p> <ul style="list-style-type: none"> <li>• Are the problems facing media businesses transitory or long term in nature?</li> <li>• Which particular types of journalism might be considered most at risk in the current environment – for example, is there a greater threat to investigative journalism, court reporting or local coverage than to other forms of reporting?</li> <li>• How have the global reach and reduced distribution costs of online publication affected journalism in Australia? Pluses and minuses.</li> <li>• There is already significant government support for journalism through the funding of public broadcasters. Has the need for public support of journalism increased as a result of the recent challenges facing media businesses?</li> </ul>
1.30 – 2:15	<p><b>Session 2: Financial support for journalism at risk of being under produced</b></p> <p>To cover topics directed at improving the ability of news media businesses to fund the production of news and journalism, including those discussed in the Preliminary Report – Areas for Further Assessment 3.</p> <p><b>Philanthropic support for journalism</b></p> <ul style="list-style-type: none"> <li>• Is philanthropy a means by which public interest journalism can be supported and encouraged in Australia?</li> <li>• What measures could be considered to build a culture of private philanthropy in Australia?</li> <li>• Does Australia need to re-examine criteria for charity and Deductible Gift Recipient status?</li> </ul> <p><b>Tax incentives to support journalism</b></p> <p>Options for indirect subsidisation of journalism include encouraging newspaper subscriptions by making them tax deductible or by providing rebates to subsidise certain production costs.</p> <ul style="list-style-type: none"> <li>• Are these measures likely to be effective in lifting provision of journalism at risk of under production?</li> <li>• What are the advantages and disadvantages of these approaches? Is there a risk of political influence?</li> <li>• Are these approaches likely to be more helpful to certain types of journalism organisations than to others?</li> </ul> <p><b>Direct government funding</b></p> <p>The government has introduced the Regional and Small Publishers Jobs and Innovation Package (\$60 million over three years) aimed at supporting at-risk journalism.</p> <ul style="list-style-type: none"> <li>• What are the advantages and disadvantages of this type of approach?</li> </ul>

	<ul style="list-style-type: none"> <li>• Should the government continue this program and, if so what improvements might it consider?</li> <li>• Is there a place for other types of direct government funding to support journalism, and how might the risk and perception of political influence be managed?</li> <li>• How could Government support best be targeted to promote the production of public interest journalism that otherwise risks under-provision?</li> </ul> <p><b><i>Other funding proposals</i></b></p> <ul style="list-style-type: none"> <li>• What other views or proposals should be considered?</li> </ul>
<b>2.15 – 3.00</b>	<p><b><i>Session 3: Supporting existing journalism revenue models</i></b></p> <p>Consideration of proposals aimed at reducing opacity and improving the efficiency of the advertising supply chain.</p> <ul style="list-style-type: none"> <li>• Preliminary Recommendation 4: a regulator should monitor, investigate and report on whether large vertically-integrated digital platforms are engaging in discriminatory conduct in the advertising market.</li> <li>• Extending Preliminary Recommendation 4 to include oversight of ad tech services and pricing</li> <li>• Introducing a system of programmatic receipting to provide transparency of payments within the digital advertising value chain</li> <li>• Monitoring the fees digital companies charge content and service providers, such as mandatory 30 percent revenue sharing on Apple's App Store</li> <li>• What other measures could be considered?</li> </ul>
<b>3.00 – 3.15</b>	Afternoon tea
<b>3.15 – 3.55</b>	<p><b><i>Session 4: supporting choice and quality in news and journalism</i></b></p> <p>To cover issues related to Identifying misinformation, disinformation and attribution for outlay of original work:</p> <ul style="list-style-type: none"> <li>• Preliminary Recommendation 5: a regulator should monitor, investigate and report on the ranking of news and journalistic content by digital platforms and the provision of referral services to news media businesses</li> <li>• Area for Further Assessment 1: require digital platforms to recognise provenance of journalistic content through a system of badging to identify whether sources adhere to codes of journalistic practice</li> <li>• Would existing industry codes be sufficient for incorporation into the 'badging' system proposed under Area for Further Assessment 1?</li> <li>• What are the potential issues with government recognition of industry codes for journalism?</li> <li>• Should there be a mechanism for journalism organisations to directly sign up for 'badging' outside of an existing industry code, subject to appropriate individual assessment?</li> <li>• Should digital platforms be required to give preference to the original sources of stories when ranking news content? If so, how would originality be identified?</li> <li>• How effectively might Preliminary Recommendation 5 and the proposal under Area for Further Assessment 1 combat the spread of mis-information, dis-information and mal-information on digital platforms?</li> </ul>

	<ul style="list-style-type: none"> <li>• Other proposals regarding the surfacing and identification by digital platforms of misinformation and disinformation.</li> </ul>
<b>3.55 – 4.35</b>	<p><b><i>Session 5: Financial payment for the use of publisher content</i></b></p> <ul style="list-style-type: none"> <li>• How might media companies improve their bargaining position with digital platforms?</li> <li>• Industry code governing negotiations between digital platforms and media companies (Cairncross Review recommendation)</li> <li>• Treatment of snippets, including statutory licence scheme for use of content on digital platforms.</li> <li>• New bespoke ‘access’ regime in the <i>Competition and Consumer Act 2010</i> to provide media companies with greater control of their content.</li> <li>• What other proposals could be considered?</li> </ul>
<b>4:35 – 4:55</b>	<p><b><i>Session 6: Other proposals and considerations</i></b></p> <p>Opportunity to consider other issues or proposals raised by forum participants</p>
<b>4.55 – 5.00</b>	Concluding remarks

## NOTES FOR ACCC MEETING ON SUPPLY OF PUBLIC INTEREST JOURNALISM AS A PUBLIC GOOD

Two competition issues in Australia:

1. Dominance of a few IT platforms in advertising market undermining the traditional business model supporting public interest journalism.
2. Extraordinary concentration of ownership in the print media (and to a lesser extent the electronic journalism) most influential in the political process. Exacerbated by foreign ownership of the overwhelmingly dominant supplier.

These issues mitigated by the role of the ABC in public interest journalism, although this role challenged by increasing politicisation of board appointments and allocations from the Commonwealth budget.

Public interest journalism is an essential input into successful Australian democracy. The case has been made that public interest journalism in so far as it relates to informing Australians on political and policy discussions has external benefits, so that they will be supplied in less than optimal amounts in the absence of public support. Need careful definition of the externality--public interest journalism relevant to successful democracy.

ACCC's proposal of tax deductibility of newspaper subscriptions (with boundaries on what qualifies as public interest journalism) would improve the status quo, but:

- requires definition of public interest journalism.
- does not record regional as well as national dimensions of the externality.
- privileges subscribers with higher marginal tax rates.
- no limits on concentration (unless introduced separately).
- leaves untouched creeping politicisation of ABC.

The following expansion of the ACCC proposal to deal with the "buts" is suggested for discussion:

1. Establish a "private sector public interest journalism" fund
  - calculate approximate annual real amount of funding required to cover external benefits of public interest journalism (e.g. \$X00 million).
  - part of the Future Fund set aside in an amount calculated actuarially to generate real interest at on average \$X00 million per annum. This amount to be made available for subsidies to private sector public interest journalism.
  - the amount to be set by legislation for a long period (e.g. 15 years), and to be reviewed three years before expiry with a view to its extension by another long period.
  - the amount to be allocated amongst producers of public interest journalism by formula in proportion to readership (weighted by intensity of readership) separately in about 13 Australian regions (e.g. each of the 5 mainland capitals plus Canberra; Tasmania; NT; regional NSW; Victoria; Queensland, WA and SA), with caps on total allocations in each region.
  - Allocation entity not to exceed a specified proportion say 50% of "public interest journalism". There would be merit in calculating "actual expenditure" by reference



to a formula based on a number of journalists in the activity and a reasonable estimate of average costs per journalist.

-- The concentration issue to be dealt with by establishing a national cap on allocations from the fund to each corporate entity.

2. Endow the ABC to insulate it from political pressure in appointments and budget allocations:

--calculate approximate annual real amount of funding required to cover public benefits provided by ABC (e.g. \$Y00 million; could be similar to average funding in real terms in recent years)

--this amount (e.g. \$Y00 million) to be put aside from the Future Fund, with the real interest on this part of the Future Fund being made available each year to the ABC.

-- ABC to be controlled by Board of Guardians, appointed to meet defined criteria.

--Board of Guardians required to operate within the financial constraints of the real interest from the allocated part of the Future Fund.

--Board to operate within a Charter that requires independence of political and vested interests and balance across the partisan political divide, as well as relevant experience and professional strengths and relevance to Australians' interests.

--Compliance with the Charter to be audited by authoritative external authority, with the power to dismiss and replace Guardians for failure to honour the Charter.

--Guardians' qualifications to be specified in the Charter, and to include high reputations for integrity and judgement and, for the Board as a whole, experience in public policy and public interest journalism, relevant professional knowledge and experience and of broad segments of Australian life.

--reasonable time limits on duration of appointment of each Board member.

--the Board to be responsible for appointments to replaced retiring or deceased members, on the model of Harvard University and the Red Cross.

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 13 March 2019.