

Media Reform Green Paper

Modernising television regulation in Australia



Submission by the Media Entertainment and Arts Alliance
(National Media Section)

May 2021

Introduction

This submission is on behalf of MEAA's National Media Section (NMS). The NMS Section of the union has approximately 5000 journalist members. A separate submission to the Media Reform Green Paper has been submitted on behalf of MEAA's performer and crew sections.

MEAA welcome the opportunity to provide a response to the Green Paper (the paper). The paper outlines the ongoing structural challenges being confronted by the Australian news media sector (defined as the broadcast television, radio and print/online news sectors.)

The paper notes that:

- *business models supporting the production of public interest journalism face significant challenges, which have been exacerbated and accelerated by the COVID-19 pandemic; and*
- *support of some form will be required to safeguard the ongoing provision and dissemination of journalism, particularly at a regional and local level.¹*

The paper provides recent examples of 'efficiencies and service reductions' used by news media companies to address COVID-19 and related pressures:

- *Australian Community Media suspended its non-daily regional newspapers, ceased some print operations and stood down personnel until the end of June 2020.² Some of these changes have since been made permanent.*
- *On 1 April, staff at Southern Cross Austereo (SCA) were required to take a 10 per cent pay cut and a reduction in leave entitlements.³ Staff have since returned to full pay.⁴*
- *On 1 April, News Corp announced it would temporarily cease production print runs of 60 local papers in New South Wales, Victoria, Queensland and South Australia.⁵*
- *On 7 May, it was reported that Seven West Media had asked the majority of its staff to work four day weeks, effectively a 20 per cent pay cut, and cut 50 jobs in its sales team.⁶*

¹ Media Reform Green Paper – Modernising television regulation in Australia, November 2020, Australian Government, Page 28

² Australian Community Media, Daily newspapers and agricultural titles not affected as ACM stands down four print sites, non-daily papers, *The Canberra Times*, 14 April 2020.

³ SCA rolls out pay cuts and enforced leave, H Blackiston, *Mumbrella*, 25 March 2020.

⁴ JobKeeper, executives' salaries and pay cuts: What you may have missed in radio's annual reports, V Kelly, *Radio Today*, 6 October 2020

⁵ ABC, News Corp to suspend 60 community newspapers across the country because of coronavirus, ABC, 1 April 2020.

⁶ Seven axes 50 sales staff in cost cutting effort', *Australian Financial Review*, M Mason, 7 May 2020.

- *Foxtel announced a series of job losses over the first half of 2020, with 200 made redundant and 140 stood down on 1 April, a further 70 made redundant on 20 April, and approximately 20 made redundant from Fox Sports News in March. It is reportedly seeking to reduce its full time workforce from 2500 to under 2000 to better compete with SVOD services.^{7 8}*
- *In early May, BuzzFeed announced it would close its Australian operations.⁹*
- *In May, it was estimated that 157 newsrooms had closed in the previous 18 months in Australia.¹⁰*
- *In August, Network Ten announced that it would make staff redundant as it centralised its news programming in Melbourne and Sydney to reduce costs.^{11 12}*

The impacts on the news media industry referred to in the paper that occurred over six months in 2020 are alarming. The impacts on the news media sector over the past decade are devastating. As MEAA noted in its December 2020 submission to the parliamentary inquiry into the state of media diversity:

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

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

The impact has been particularly felt in rural, regional and suburban communities.¹³

⁷ Foxtel axes another 70 jobs in latest restructure, *Sydney Morning Herald*, Z Samios, 30 April 2020.

⁸ Footnotes 1 to 6 quoted in green paper, page 16

⁹ BuzzFeed to close Australian, UK news operations, Z Samios, *Sydney Morning Herald*, 14 May 2020.

¹⁰ Australian media closures spark fears important local stories will not be told, L Birch, *ABC*, 21 May 2020.

¹¹ Kerri-Anne Kennerly to leave Channel 10 as network announces mass job cuts, A Meade, *The Guardian*, 11 August 2020.

¹² See: green paper, pages 16-17

¹³ MEAA submission to Senate Standing Committees on Environment and Communications’ Inquiry into the state of media diversity, December 2020

Public Interest News Gathering Trust

The paper's main proposal, with respect to the news media sector, is the establishment of a new Public Interest News Gathering (PING) Trust (the trust).

Funding for the trust would be drawn from 'a portion' of the proceeds of an auction of radiofrequency spectrum, which the government considers 'a multibillion-dollar public resource'.¹⁴

MEAA note that an auction will only occur if at least two existing commercial television broadcasters move to a new operating system that requires less radiofrequency spectrum for broadcast operations.

In this context, the paper states:

*If a sufficient number of metropolitan and regional licensees do not elect to move to a new a licence and share multiplexes then the implementation of [the PING trust] [is] unlikely to be progressed.*¹⁵

*This is because the realisation of the digital dividend is dependent on commercial free-to-air broadcasters and the national broadcasters in each licence area moving their services on to three multiplexes. If only one commercial broadcaster opts in, then there would be insufficient spectrum available to realise a digital dividend, and to allocate that spectrum via auction for other uses.*¹⁶

The proposed trust is therefore contingent upon attaining a range of technologically complex (and perhaps controversial) feats. MEAA further note that the best-case timeframe for spectrum auctions to occur and for funds to flow to the new trust is 2025.¹⁷

Assuming the above challenges are met and a trust is established, it would be a new funding source to sustain the continued delivery of news and other Australian content across different platforms that Australians view.¹⁸

¹⁴ The green paper states that advances in television compression technology mean that different transmission arrangements which use less (radiofrequency) spectrum can be used by broadcasters at close to current levels, with a minimal impact on viewers.

¹⁵ See: green paper, page 20

¹⁶ See: green paper, page 20

¹⁷ See: green paper, page 43

¹⁸ See: green paper, page 5

Operation of PING Trust

The Trust looks, in principle, to be a more expansive and sustainable version of the current Public Interest News Gathering (PING) Program.

According to the paper, the purpose of the PING Trust would be to provide a capital fund that could be drawn on over time for grant funding to support the provision of newspaper, radio, television and online news services in regional Australia. The paper says that the focus on the needs of regional and remote areas of Australia recognises that the provision of news and journalism in these markets is 'particularly challenged.'¹⁹

Of the Trust's operations, the paper says that:

- *The Trust could be administered by a dedicated PING trustee (an incorporated entity), with a board, including people with relevant industry and subject matter expertise. The board would have oversight of the Trust's operations, be responsible for funding decisions, and have regard for prevailing market conditions.*
- *The remit of the Trust would include direct financing and equity investments; however the Trust would have no capacity to control the editorial content and the investments would be silent in terms of the operations of the supported entities.*
- *Applications would be made via a competitive grant process assessed on merit and under which news media businesses would have an opportunity to seek access to funding. The PING Trust could consider applications from organisations to provide support the provision and distribution of existing public interest journalism across the television, radio, print and online media, new initiatives developed by existing businesses and new entrants into the market in regional Australia.*
- *As the production of journalism is labour intensive, the Trust could also prioritise projects that directly employ journalists and provide opportunities for cadet journalists, and particularly those producing journalism such as court reporting and investigative journalism, rather than entertainment news or opinion journalism (where there is little evidence of market failure).²⁰*

MEAA generally support these features, although any considered response would need to be informed by answers to the following:

¹⁹ See: green paper, page 28

²⁰ See: green paper, page 28

1. What is the possible scope of proceeds that would be made to the PING capital fund? (We acknowledge only a very broad view may be possible.)
2. If question 1 can be answered, what would the estimated annual allocation to the trust be?
3. How would the trustees/board be selected and what their terms of office be?
4. What kind of 'equity' investments might the trust make and how would conflicts of interest be managed when such investments were under consideration?
5. Is it the government's intention, should spectrum reforms be realised, that the trust would operate in perpetuity?
6. What definitions of public interest news journalism would be used by the trust?

MEAA otherwise believe that using the proceeds from the sale of spectrum is a sound basis upon which to create a trust devoted to sustaining the news media industry and that funds should be directed to public interest news and journalism.

Reforms to Existing PING Program

The proposal to establish a trust from 2025 does however bring into focus the question of what steps the government will take to assist the news media sector from the present date until the trust is (potentially) established.

MEAA members and the media industry at large know that four years is long enough to see the Australian news media system suffer further substantial (and possibly irreversible) damage. MEAA submit it would be unsustainable for the Government to adopt a bystander role while this damage occurs. MEAA therefore advocate a continuation and expansion of the PING program.

The PING program has provided \$50 million²¹ to commercial television, newspaper, and radio businesses in regional Australia for public interest journalism. Of the \$50 million in overall funding, only \$13.4 million was new money. The balance came from repurposed unallocated funds from the Government's Regional and Small Publishers Jobs and Innovation Package (RSPJIP).²²

Funding under PING has, to date, been directed towards a broad range of activities that relate to the production and distribution of public interest journalism, such as staff wages, training and technology or website upgrades.

²¹ Now \$55 million

²² See: <https://www.communications.gov.au/what-we-do/television/relief-australian-media-during-covid-19>

At the date of this submission, however, the one-year PING Program has run its course. In calling for the program's extension, MEAA's submission to the 2020 media diversity inquiry said:

In the face of seemingly ceaseless workforce cuts and revenue challenges, a single year program cannot reverse this critical sector's fortunes. ... PING funding must be directed to maintaining journalist (and allied) positions. What is needed in the media sector is more boots on the ground to cover public journalism, not subsidies to fund more redundancies, shareholder returns or executive pay.²³

MEAA again call for the program's extension. In addition, we call for a recalibration of the program's eligibility criteria and purpose. In summary, we call for the PING program:

- **to be extended for five years, or until the establishment of the new PING Trust;**
- **to make available \$100 million in funds annually;**
- **to operate with an amended division of funding between news platforms to provide better support for the print/online news publishing sector; and**
- **to permit applications for assistance from small-to-medium metropolitan/city-based print/online publishers.**

The PING program had a funding split of \$20 million for television, \$18 million for publishing and \$12 million for radio. In the round of funding announced by Minister Fletcher in June 2020, it was revealed that the \$50 million was to be shared across 107 regional publishers and broadcasters. Of the 107 recipients, 92 were publishers, 13 came from radio and five came from television broadcasters.²⁴

MEAA believe a case exists for rebalancing the share of PING funds across the three news media platforms, with a greater share being devoted to small-to-medium enterprises and less as a total proportion being directed to commercial television and radio.

There is abundant evidence concerning the special vulnerability of smaller print/online news outlets in regional and metropolitan areas. It is these news producers, in regional *and* metropolitan areas, that are the most exposed to advertising revenue downturns and the corresponding threat of job reductions and falls in areas of public interest news coverage, such as local civic and commercial affairs.

²³ As was the case at several media outlets that received government financial support in 2020

²⁴ See: media release: \$50 million to flow to support regional news, Paul Fletcher, Minister for Communications, Cyber Safety and the Arts, 29 June 2020

Allocating the single-largest portion of funds to the commercial television sector ignores the fact that the print/online news sector has experienced falls in advertising revenue far greater than commercial television. It also fails to reflect that commercial broadcasters have received ongoing relief from paying broadcasting taxes over years. In the last year alone, ACMA noted that:

Commercial television and radio broadcasters will receive a 100% rebate on their Commercial Broadcasting Tax for 12 months.

The rebate will provide the commercial broadcasting sector with \$41 million in tax relief for the use of broadcasting spectrum, backdated to start from 14 February 2020.

The rebate will help offset the sharp downturn in advertising revenue, which has significantly impacted the operating revenues of commercial broadcasters.²⁵

MEAA submit that an enhanced PING program could have its field of application enlarged by making small-to-medium news outlets in metropolitan areas eligible for funding. It is MEAA's position that these organisations will enjoy few, if any benefits from negotiating content and payment deals with digital platforms such as Google and Facebook under (or through the guise of) the mandatory news bargaining code. Accordingly, these outlets will be left on their own to manage the myriad challenges that face media companies.

MEAA's great concern is that if further assistance is not provided to the small-to-medium news media companies, their decline in terms of the number of outlets and their areas of news coverage will escalate. No public good can come from such a situation.

The health of small to medium news organisations is also inextricably tied to the state of Australia's media diversity. They are key to diluting a news market that is overwhelmingly dominated by a handful of large companies.

In the context of the current PING program, MEAA was concerned that small-to-medium media companies were largely sidelined in favour of their larger counterparts when PING funding was announced in mid-202. MEAA's analysis of the funding allocated to 107 recipients revealed that \$40 million, or 80% of all funding was allocated to a handful major media organisations. In comparison, small media organisations were generally allocated grants of \$10,000, with some receiving about \$30,000.

²⁵ See: <https://www.communications.gov.au/what-we-do/television/relief-australian-media-during-covid-19>

Although MEAA accept that a heavily concentrated media marketplace like Australia may result in a large portion of funds go to bigger commercial media outlets, the fact that well under \$10 million went to smaller operators leaves a sour taste in the mouth.

Ultimately, MEAA is concerned that the PING program's end will be succeeded by a lengthy and unwarranted pause in the provision of support to the Australian news media sector at large.

A prolonged pause in media sector support will mean that small-to-medium (and freelance) members of the media community will have to repel the ongoing assault of market forces and disruption on their own. This would place the Australian government out of step with efforts in Europe, the UK and Canada, where efforts to sustain the news media sector are ongoing.

The fact that the government has a new fund to support the media sector's sustainability potentially starting in 2025 is surely an acknowledgement that the threat to our media companies – small and large – is ongoing. Why otherwise would the government look to create a new funding vehicle?

It would therefore be incongruous and damaging to the news media sector if any form of Government news media assistance was postponed and then (potentially) revived through the establishment of a PING Trust from 2025.

MEAA can see no argument for a gap in the provision of assistance. The issues confronting the news media sector will not go into hibernation for a few years and resurface when the PING trust is operational.

Although MEAA welcome the principles behind the mooted PING Trust and look forward to the Trust concept being brought to life in coming years, the immediately foreseeable media operating environment requires that concrete steps be taken as soon as possible to extend and reorient the PING program.