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Country Press South Australia

Re: Submission to the Department of Infrastructure, Transport, Regional Development, Communications, and the Arts News Media Assistance Program Consultation Paper

Country Press South Australia (CPSA) represents 29 newspapers with members from regional South Australia, Western Australia, New South Wales and Northern Territory. Our member newspapers play a critical role across these regional and remote areas of Australia. Our focus is on the significance of weekly government advertising, consideration of a tax credit, and direct government support through grants in supporting the essential democratic infrastructure provided by these newspapers. In the rapidly evolving landscape of media consumption, the sustainability of journalism is more critical than ever for the health of democracies. As newspapers in Australia face financial challenges, exploring innovative ways to support public interest journalism becomes imperative.

Access to news is fundamental to an informed community and a thriving democracy. Local and regional newspapers play a crucial role in providing local communities with information relevant to their towns and regions. Government support, through weekly community messaging through advertising, contributes significantly to ensuring the accessibility of local news.

Quality journalism is vital for maintaining the integrity of news content. It ensures accuracy, impartiality, and ethical reporting. Government and industry collaboration is essential in establishing and upholding standards that safeguard the independence and freedom of the press.

Media diversity, including ownership, content, and regional representation, is indispensable for a vibrant democracy. Government support through advertising and grants should encourage diverse voices and perspectives, particularly in local and regional media.

Fostering citizen engagement is a shared responsibility of government and the media industry. Government can play a crucial role in supporting initiatives that promote media literacy, critical thinking, and active participation in democratic processes.

Government Intervention

Government intervention, in the form of direct funding, is appropriate when market forces alone are insufficient to sustain public interest journalism which is currently the situation in Australia. It is imperative to structure support mechanisms that maintain the editorial independence of recipients, with a focus on both short-term and ongoing assistance. The challenges faced by news media organisations in adopting innovative business models require a collaborative approach involving policy. Government and regulators should encourage and support innovation to ensure the sustainability of the news media sector but Governments must be careful as they have for too long emphasised innovation at the expense of sustainability.

What key measures does the Federal Government need to adopt

The Federal Government needs to urgently confirm one page per week in every regional and local newspaper and also implement a tax credit for journalism across all media or provide a grant for journalism at 35% of the labour cost.

Government messaging

Vital government messaging through advertising is crucial for the sustainability of newspapers, particularly those serving regional and suburban communities. Government messaging through local and regional newspapers is also vital to ensure an informed community. In the realm of democratic infrastructure, newspapers play a unique and irreplaceable role, offering a comprehensive and reliable source of information that is fundamental to the functioning of a democratic society. Unlike websites and bloggers, newspapers often possess greater professional resources, enabling them to engage in thorough fact-checking, investigative journalism, and in-depth reporting.

The importance of newspapers in the democratic process is highlighted by the fact that they are often the primary source of local news, connecting communities to the issues that directly impact them. In rural and regional Australia, the demand for printed newspapers remains robust. The majority of audiences, including younger generations, prefer the tangible experience of reading a printed newspaper, as revealed by research. Country Press readers are 2.6 times more likely to read their local paper in print than in digital format, indicating a strong attachment to the traditional medium.

Moreover, audiences overwhelmingly perceive a printed copy of their newspaper as an essential service for their community. This sentiment aligns with research advocating for the recognition, at the policy level, of the vital importance of the printed paper. The preference for printed newspapers is not only a matter of tradition but also stems from the tangible connection that people feel to their local community through this medium.

The quoted research from Deakin University emphasises that the majority of audiences believe any additional funding for local news should be directed towards employing more local journalists. This preference (71 percent) outweighs the interest in increasing digital connectivity (13 percent) and digital innovation products (17 percent). This underlines the public's recognition of the role journalists play in delivering accurate, relevant, and timely information.

In this context, government advertising becomes a linchpin for the sustainability of newspapers. By committing to a weekly advertising space in every regional and local printed newspaper, the Federal Government can significantly contribute to the financial viability of these publications.

This commitment ensures not only the effective dissemination of important government messages to regional and suburban residents, but it also underscores the unique strength of local and regional newspapers in reaching and engaging with these communities. Unlike many other industries, local and regional newspapers have a distinct advantage in their ability to

connect with audiences on a local level. By strategically placing advertising in regional and local newspapers, government messages are not just broadcasted but are embedded within the fabric of these communities, reaching residents in a manner that is both effective and trusted. Placing advertisements in these publications means that important messages are not just disseminated but become part of the daily narrative of these communities. Newspapers, especially those rooted in regional areas, function as community hubs, where residents turn for information that directly impacts their lives.

The effectiveness of this strategy lies in the established trust between local media outlets and their audiences. Regional and suburban residents often rely on their local newspapers as a primary source of news and information, considering them reliable and reflective of their community's interests and concerns. Government advertising in these outlets leverages the inherent trust that readers place in their local media, providing a credible platform for disseminating crucial information.

The relationship between government advertising and newspapers is vital for the sustenance of the industry, especially in regional and suburban areas. Recognising the enduring demand for printed newspapers and the essential role they play in democratic discourse, a commitment to regular government advertising in these publications is a crucial policy measure that can contribute significantly to the longevity and effectiveness of public interest journalism.

Tax Credit

While a weekly advertising commitment from the government is crucial, tax-based incentives, inspired by successful models such as Canada's journalism labour tax credit, is a tool that CPSA believes should be equally considered to provide an additional layer of support.

In 2019, the Canadian government implemented a refundable tax credit for qualifying news organisations, marking a significant step towards ensuring the vitality of journalism. This measure aims to support a wide variety of news organisations, both non-profit and for-profit, by offering a 25-percent refundable tax credit on salary or wages associated with the production of original news content. This tax credit has recently been increased to 35%.

The Canadian policy recognises the diverse nature of journalism organisations, encompassing both traditional and digital platforms. It supports labour costs to encourage the production of high-quality journalism that caters to the information needs of the Canadian public. The credit is subject to a cap on labour costs per eligible newsroom employee, ensuring a balance between support and fiscal responsibility.

Criteria such as minimum working hours, consecutive weeks of employment, and the percentage of time spent on news content production ensure that the credit is directed towards organisations actively contributing to the journalistic ecosystem.

For Australia, adopting a similar tax-based incentive could provide much-needed financial relief to struggling news organisations. A tax rebate for journalism could be structured to support the salary or wages of eligible newsroom employees, fostering the creation of original and impactful news content. This approach not only encourages the hiring of journalists but also incentivises news media businesses to maintain a high standard of journalism.

Country Press South Australia advocates for the adoption of a similar model to Canada with a 35% tax credit for each newsroom employee and up to a salary cap of \$85,000 per eligible newsroom employee.

The benefits of a tax credit for journalism extend beyond traditional news outlets. Recognising the evolving media landscape, the incentive can be designed to include a diverse range of journalism organisations, including digital platforms and independent outlets. This inclusivity ensures that the support reaches those contributing to public interest journalism, irrespective of the medium.

Providing a tax-based incentive for journalism aligns with the goal of sustaining public interest journalism in Australia. The Canadian model serves as a successful example, demonstrating how thoughtful policies can bolster the journalism industry while adapting to the changing media landscape.

In addition, the Public Interest Journalism Initiative (PIJI) has provided a Guidebook on implementing and claiming a Public Interest Journalism Tax Rebate. This initiative aligns with the ACCC's Digital Platforms Inquiry 2019 recommendation, recognising the integral role of taxation incentives in sustaining public interest journalism as a public good.

According to PIJI, under the most ambitious scenario, a 50% tax rebate could result in a substantial \$711 million increase in public benefit from enhanced Australian public interest journalism, with a manageable cost of \$375 million to taxpayers.

Regulation

Regulation should encourage self-regulation by the media industry. However, CPSA believes that any support provided by Government should require the media outlet to subscribe to the principles of the Australian Press Council.

Regulation needs to ensure press freedom and removal of obstacles or legislation which restricts press freedom and ensuring the confidentiality of journalists' sources.

Regulation needs to also consider the unfair playing field for news organisations and the digital platforms. The digital platforms need to be held to account with laws such as defamation and copyright equally to that of news providers.

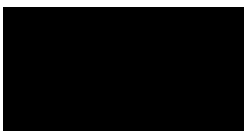
Media Literacy

Government support for media literacy should target all segments of the community, with a particular focus on vulnerable or marginalised groups. Media literacy education is crucial in areas such as access to trusted news, evolving news consumption habits, and understanding media technologies. However, without a robust local news industry media literacy is further eroded and it is therefore more vital for Government support of the industry to ensure sustainability therefore aid media literacy and provide local communities with a voice.

Conclusion

The sustainability of local and regional newspapers in South Australia is pivotal for the democratic infrastructure of our communities. We appreciate the opportunity to contribute to this consultation and stand ready to further engage in discussions to support the continued growth and relevance of these essential media outlets.

Darren Robinson



President