

To the News MAP framework team,

This submission has been prepared by Professor Kristy Hess, post-doctoral research fellow Dr Alison McAdam, Professor Matthew Ricketson and research fellow Angela Blakston, of Deakin University. Deakin University has the highest number of peer-reviewed scholarly publications and external research projects of any academic team in Australia that focuses exclusively on the role and place of local news media.

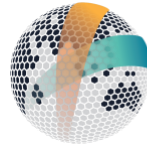
Background and context:

Global tech behemoths, such as Google and Facebook, have vacuumed up much of the advertising revenue that for decades had provided a sustainable income for legacy media companies working in local, regional and rural areas. Declining revenue has affected these companies' ability to fund the kind of public interest journalism that local communities have long valued and relied on. This has led to what are termed 'news deserts' in many parts of rural Australia. As these legacy media companies struggle to find a new, sustainable business model, and as various start-up media operations try to find a niche in the media landscape, governments have become concerned about the impact of news deserts on the information needs of local communities. Governments have sought to create policies to support the media in meeting these information needs, with mixed results. What follows are recommendations that draw on our research and aim to assist government. To the extent that the recommendations deal with advertising, it is with the clear view that advertising is a key source of income that goes to paying for journalists to do public interest journalism. To the extent that they deal with a new method for measuring the efficacy of local news provision, it is for the same end.

Deakin University is also currently leading an ARC Linkage project with partners ABC and Griffith University to examine vulnerable areas of the local news ecology and the role the public broadcaster might play in collaborating with existing news provisions to support areas in need (LP220100053). The university has also recently completed an ARC Linkage project with Country Press Australia (LP180100813), examining local newspaper futures (www.localnewsinnovation.org). Professor Hess, Professor Ricketson, Dr McAdam and Angela Blakston were/are key members of the research team for both ARC projects. Professor Hess is lead investigator for both projects.

Our submission mainly focuses on the News MAP framework and its relationship to local media in Australia. For this submission, we define local news as:

Information that relates to the political, cultural and social matters within and about a given locality, and that is of public significance or in the interests of a perceived geographically identifiable 'community'. For a news outlet to be considered 'local', it must show evidence of having a consistent physical presence (especially journalistic resources) in a particular geographic location, alongside any digital footprint, and provide reliable, original and accessible information for those living and working in, or otherwise connected to, that place. There is, of course, a role for other news outlets to provide local audiences with state, national or international news or information about niche affairs or interests, but such outlets do not meet our definition of local news providers.



In this submission, we also introduce and outline the value of the Australian Local News Proximity Index (ALNPI), *a measurement tool developed by our research team to comprehensively assess local news provisions*. It assesses the extent to which a news provider has a local connection to a



Australian Local News PROXIMITY INDEX

given place, looking at an interplay of physical, cultural and social proximity. It has been developed in partnership with Dr Angela Ross, ABC News Strategy Research Lead, and with support from Griffith University. **The index is platform agnostic**, in that it does not preference one medium of news over another. Rather, access to local content is paramount. We argue the index has immense value in being able to a) more accurately identify vulnerable areas of the news ecology and b) help policymakers determine where and how to best direct support for local news futures, especially in regards to grants, subsidies, collaborations and distribution of government public messaging and advertising spend.

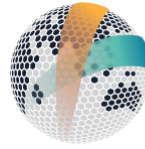
Regards,



Professor Kristy Hess

(on behalf of the Deakin research team)





The following responses address various discussion questions outlined in the News Media Assistance Program Consultation Paper.

Q1.1: Is access to news the right objective?

Summary points:

- Access to local news that provides public interest journalism is imperative for all Australians.
- Government should better support news providers best *situated* to deliver essential information needs, by gauging news providers' physical, cultural and social proximity in relation to the places they purport to serve.
- The Australian Local News Proximity Index is a rigorous, evidence-based method of assessing a local news outlet's commitment and ability to provide essential information needs in the places they purport to serve.

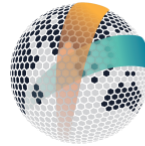
Monitoring and enabling access to available, reliable, relevant and original news content across all towns, cities and suburbs in Australia should be one of the Federal Government's primary objectives.

It is our view that in assessing access to local news, there should be less focus on the medium in which news is disseminated and a stronger emphasis on supporting those news providers best *situated* to deliver this content. An important step in this process is to examine a news provider's physical, cultural and social proximity in relation to the places they purport to serve.

This involves assessing aspects such as journalistic and infrastructure investment (physical proximity) through to news focus (cultural and social proximity) as valuable indicators of the extent to which citizens have access to local news that both enhances democracy and the social fabric.

For this reason, we are in the final stages of development of the Australian Local News Proximity Index (ALNPI), a measurement tool developed by our research team to comprehensively assess the local news provisions for Australians. It will have a range of applications; chief among these is the potential for government to have a rigorous and evidence-based assessment of local news provisions in order to have a genuine impact and benefit for those areas of Australia most in need of local news content.

Following is an outline of how the index works and its potential applications:



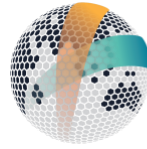
Establishing the evidence base: Introducing the Australian Local News Proximity Index.



Determining where and how best to direct support to struggling parts of the local news sector and promoting media access and diversity remains a challenge, especially because the term ‘local news’ is a slippery concept, creating problems when formulating policies and solutions. The term local is contextual and has been used to describe media serving entire continents, regions, towns, provinces and districts. Journalism think-tank, the Australian Public Interest Journalism Initiative, has attempted to identify where local news thrives and struggles to survive by collating a comprehensive news directory of local news services and representing provisions via coloured codes on GIS maps (see PIJI, 2023). Despite good intentions, however, we argue that markers on a map showing news outlets that purport to serve a local government area can cloud the reality, as a news outlet’s stated coverage and reach is often mismatched with actual news presence and focus. A more precise approach is needed that can capture the complex nature of local news and determine the level of access each Australian town or locality has to reliable, locally relevant news and information.

The Australian Local News Proximity Index responds to the need for a more nuanced measurement tool for theoretical and empirical purposes that can be easily adopted by researchers, policymakers and industry. Development of the index has been led by Professor Kristy Hess and Dr Angela Ross (ABC research) with the support of academics at Deakin and Griffith universities. **The index is a method of assessing and predicting a local news outlet’s commitment and ability to provide critical information needs in the places they purport to serve.** As local news is place-based, we maintain the geographic ‘places’ news outlets serve should be the central focal point, and news outlets must be able to demonstrate (and be held accountable) as to how they serve these populations’ essential information needs, especially if they benefit from any government intervention to support their sustainability.

Method: The Australian Local News Proximity Index (ALNPI) measures the geographical proximity, and social and cultural proximity that a news outlet has to a particular place. The project adopts a composite indicator (or index) - an established method used in wide ranging fields to produce simple comparisons to illustrate and explain complex issues and slippery or multi-dimensional concepts (Nardo et al., 2005; Wilson, Thomas and Barraket, 2019). A 25-question weighted quantitative survey is used to gather data that determines a news provider’s local news proximity index score (ALNPI score). The survey’s five sections – journalism investment, infrastructure investment, place-based orientation, contextualisation and reach – were selected to represent a benchmark of the ‘ideal’ type of local news provider serving a place; that is, *news with maximum geographic, social and cultural proximity, understanding and relevance to place*. News outlets are assessed for the news coverage they provide for a specific town or locality and placed in one of four tiers of proximal relevance. See below:

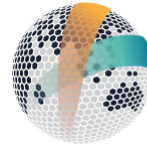


THE TIERS OF LOCAL NEWS PROXIMITY	
TIER 1 80-100% MAXIMUM PROXIMITY	Place-based (e.g., a newspaper, broadcaster or digital site based in the place)
TIER 2 55-79% MODERATE PROXIMITY	Peripheral (e.g., a news outlet with reasonable geographic, social and cultural reach)
TIER 3 - 26-54% LOW PROXIMITY	Alternative focus (e.g., ethnic and interest group media, media with a broader regional focus or narrow focus on another town)
TIER 4 - 0-25% MINIMUM PROXIMITY	Detached (exclusively centralised and syndicated news services, zombie news outlets)

Examples of applying the Australian Local News Proximity Index

The following table includes news providers that purport to cover the town of Camperdown in Victoria, with a population of 3500. The ALNPI weighted survey was applied to each news provider, and they were ranked according to their score. It shows that Camperdown is relatively well served for local news, with one Tier 1 provider and three Tier 2 providers.

Tier 1:	
Camperdown Chronicle	
Tier 2:	
Terang Express	
Cobden Timboon Coast Times	
The Standard	
Tier 3:	
Colac Herald	
Fitzmedia	
Coast FM	
MIXXFM (3CS)	
ABC South West	
Herald Sun	
Tier 4:	
WIN Network	



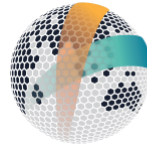
The following table includes news providers that cover the town of Tenterfield in New South Wales with a population of more than 4100 people. Tenterfield is also noted for experiencing compound disasters such as fire and flood and so news accessibility to essential information around social order and safety is especially important. The ALNPI survey was applied to each news provider, and they were ranked according to their score. It shows that, although there are numerous Tier 3 providers of news that relates to its broader region, Tenterfield is relatively underserved for *local* news, with no Tier 1 or Tier 2 providers.

Tier 1:	
Tier 2:	
Tier 3:	
Tenterfield Star	
The New England Times	
The Northern Rivers Times	
ABC New England North West	
The Northern Star (Daily Telegraph)	
Nine NBN News Northern Rivers	
Tier 4: 0-30%	
Brisbane Times	
7News Coast	
WIN News Northern NSW and Gold Coast	
89.7 Tenterfield & Country Areas	
The Breeze 102.5	
Rebel 93.7	

Potential applications of the index:

It is anticipated the Australian Local News Proximity Index will have the following applications:

- Provide more nuanced understanding of ‘vulnerable areas’ of Australia’s local news ecology.
- Help policy makers make more informed and targeted decisions about where and what type of news outlets warrant support from government.
- Provide greater clarity around the types of support that may be needed to improve quality in news provisions.
- Encourage collaboration between tiers (for example, a news provider in Tier 4 operating at a distance from ‘place’ may work with a news provider in Tier 1 to enhance emergency or investigative reporting).
- Help policy makers and public servants make more informed decisions about the most suitable local news outlets to target for public awareness information and announcements.
- Help start-ups to identify local news gaps in the marketplace.
- Complement ACMA’s local news quality measurement work.
- Complement PIJI’s news mapping work.



Theoretical framing of the Australian Local News Proximity

The index is part of an ARC Linkage project examining vulnerable areas of the local news ecology. The project puts geographically identifiable ‘places’ at the centre of understanding the reliability and commitment of local news provisions. **The index has a three-dimensional proximity lens, contending it is the interplay between geographic, cultural and social proximity that can reliably determine the extent to which a news outlet, that purports to serve a place, is actually ‘local’.**

Local is a cultural construct connected to a physical locale or setting. To identify as local is to have a grounded connection with, and understanding of, a physical place and its social and cultural dimensions that is practical and embodied. Contemporary definitions of local media also share a common thread – local news is not just defined by geographic setting, it is also a social and cultural concept where geographical and social context together create places of shared meaning and value^{* *}.

In the following sections we will reference the index and its value to enhancing objectives around access, quality and diversity as well as government grants and advertising spend.

Q1.2: How should the access objective be understood, and to what extent should this include access to, or availability of, news and journalism relevant to each level of government, including national, state/territory, and local? What do citizens require at each level of government?

Access to local news is an essential service for ALL Australians living in geographic localities that meet the ABS’s SA1-SA4 definitions (ie: suburbs, cities, small towns). Key indicators of news access should include:

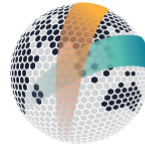
- Availability.
- Reliability.
- Relevance.
- Originality.

The government’s interests in news access should centre on ensuring news providers deliver a mix of key essential information needs. These three essential information pillars include:

- a) Access to essential, reliable and accurate information, necessary for the social order and safety of citizens.
- b) Access to information relevant to each level of government and societal structures (local, state, national) that is independently and professionally examined and synthesised. This is in the interests of holding power to account and to help citizens understand and debate decisions relevant to their everyday lives and for the democratic health of society.
- c) Access to information that helps build social connection, community cohesion, a sense of belonging, and celebrates and promotes achievement, the spirit of generosity and fosters pride.

Q1.3: What are the appropriate roles for government and industry in pursuing this objective?

Government should build a news access framework that begins by re-asserting the role and importance of independent, place-based journalism and prioritising a news outlet’s ability to provide access to essential



information needs. It is widely recognised that journalists who understand and have some visibility and sensibility about the locations they report on are well 'placed' to deliver this content (McAdam and Hess, 2024). In focusing on news access, every Australian locality should have access to at least one local news source that aligns with the indicators and priorities outlined above. In the interests of a healthy news ecology, there should also be access to a variety of other news sources offering regional, state, national, global or alternative/special interest news. However, given the abundance of state, national and global news available to citizens across a variety of mediums, government should direct its focus to local news access as a first priority.

It is also our view that government should support research by recognised academic experts who closely monitor and measure where news access is strong and weak. We suggest funds to support the Australian Local News Proximity Index be allocated to provide an important base-line measure of news access in rural and regional communities that can guide policy makers on where and how to best direct funding support in a more targeted and sustainable way.

Q2.1: Is quality the right objective?

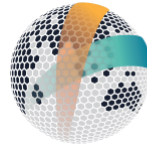
Quality of local news is desirable and to be encouraged but, in our view, local news *access* should be a key priority for government. Of course, government can (and should) express preference to support journalism that meets professional standards/accreditation as decided upon by the journalistic field. It has become increasingly necessary for public interest journalists to clearly distinguish themselves as legitimate, credible information providers in a digital world. Specifically, government should also encourage collaborations between industry, community and other stakeholders to enhance the quality of storytelling and investigative news practices in and for rural and regional Australia. These sorts of collaborations, rigorously directed and facilitated, can potentially provide the best of efficiencies, innovation and depth in these journalistic practices.

Q2:2/2.3 How should the quality objective be understood? Is it the same for all forms of journalism? What are the appropriate roles for government and industry in pursuing this objective? Assessments about the quality of news content raise concerns about the independence and freedom of the press. What approaches might government consider to measuring, safeguarding and promoting the quality of news content? What content, procedural and organisational factors might be taken into consideration?

It is our view that government intervention should first prioritise a news access framework as a foundational objective, from which quality and diversity can then be developed.

We suggest the quality of *local journalism* not only requires access to news, but levels of competency – both in terms of a) the journalist's connection, knowledge and understanding of the social, cultural, political and economic factors relevant to the places, issues and audiences they report on, and b) their professional competency, ethics and values (as determined by appropriate associations within the journalistic field). While the Australian Local News Proximity Index does not directly assess quality of content, it can provide insight into where and how funds can be directed at different local news provisions to enhance quality reporting.

Q3.1: Is media diversity the right objective?



Similar to the quality objective, diversity of local news is also desirable and to be encouraged but, in our view, local news *access* should be a key priority for government. Recognising the importance of place-based and place-oriented journalism is essential to improving issues of diversity. Diversity as an objective is a combination of media ownership, sources and voices, delivery/medium and access to variety of information (local, state, national, global, alternative, special interest). All forms of media that support a diverse eco-system are important.

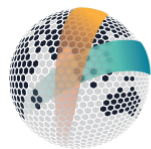
Q3.3: What are the appropriate roles for government and industry in pursuing various elements of this objective? For example, is it the role of government to monitor media diversity and regulate ownership and control?

It is our view that supporting news access and re-invigorating place-based journalism at the local level would lead to increased diversity of media ownership in the local media sector. Our research indicates that with the right support mechanisms, local ownership or local investors with connection to place can influence the sustainability of a local news outlet. We have witnessed the rise of ‘zombie’ news outlets owned by big conglomerates that are ‘local’ in name only and are bulk filled with syndicated content relevant to a vast regional area, rather than the particular local audience. This content is designed to lure the advertising dollar rather than serve the essential information pillars within a news access framework. These news models must be acknowledged as a contributor to local-news decline, rather than a response to a crisis. That said, there is opportunity for such news organisations to work collaboratively with other news providers to help ensure information needs are met at a local level.

Q5.1: In what circumstances is it appropriate for government to intervene in the form of direct funding? What are the competitive impacts of Government funding?

Government must continue to provide direct, albeit short-term funding opportunities to ensure Australians have access to local news as the priority objective. These grants/subsidies should complement redeveloped guidelines around indirect support (ie: government advertising spend) that tend to benefit established news providers. There is currently a disconnect between support mechanisms available to develop new news outlets and encourage access and diversity at the local level, and the support available to established, long-serving publications. Simply put, short-term direct funding should be made available to start-up news outlets in vulnerable news areas and, after an agreed timeframe, they would shift towards qualifying for more indirect funding (such as government advertising spend), depending on their score on the Australian Local News Proximity Index. In any government intervention, news producers should be accountable and show evidence of providing key essential information needs that align with a news access framework for the audiences they purport to serve. Government should prioritise:

- 1: Short-term grants to individual, start-up commercial and/or not-for-profit news providers under a ‘local news jump-start’ initiative. In areas identified as having limited access to local news (as determined by the Australian Local News Proximity Index and other available data), eligible recipients would receive some salary support for up to two years. Successful news providers must be able to demonstrate membership in a broader network of news publishers/providers (such as LINA, CPA, CNAV) that can provide mentoring, support and training for their businesses. Government would also prioritise support for applicants with evidence of journalistic competency/experience.



2: Short-term grants for existing news providers to enhance availability, originality, reliability or relevance to the three essential information pillars (see page 7). News producers should clearly stipulate the geographic region they intend to enhance coverage for, noting that it is areas on the peripheries of a news outlet's 'zone' that are particularly vulnerable and warrant support. Support may be awarded to individual news producers or to encourage collaborations between news providers to enhance access.

3: Support for collaborations among new and/or existing news services to improve coverage of essential information pillars for vulnerable areas of the news ecology.

4: Subsidies for print newspaper distribution costs in rural and regional areas where digital connectivity is poor, drawing on the Australian Digital Inclusion Index as a measure.

Q5.2: How can any government support for public interest journalism be structured to maintain the editorial independence of recipients and avoid undue influence over news content? What factors should be taken into consideration, and how do these factors change between short-term and ongoing support?

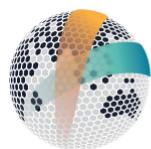
We reiterate (see previous submissions to parliamentary and senate inquiries) the need for an independent body consisting of representatives from industry, academia, government and community to review funding requests, monitor and guide audits of the sector, and deal with issues or complaints around threats to editorial independence. There is a need for a more targeted subsidy/funding scheme – informed by the Australian Local News Proximity Index.

Both government and news providers should be accountable to the citizens they serve. There have been no reports in our research of government unduly influencing the editorial direction of news outlets that have benefited from any direct news subsidies that have emerged since the PING funding round in 2017. Issues around editorial independence are more likely to arise in the space of government advertising spend, especially at a local level (see below) where some local governments threaten to pull their advertising due to unfavourable coverage. Efforts are needed to safeguard both the importance of this funding to news outlets and to ensure that such funds are not used as tools to influence editorial coverage.

Q5.3: How should any support for public interest journalism be targeted? For what purposes and to what entities and why? For example, should regional areas and local news be a focus of Australian Government support? What other factors are relevant to targeting? Serving particular communities or addressing particular issues? Organisational form such as not-for-profit organisations or commercial providers? What are industry or private interests best-placed to deliver?

Our responses in previous sections address this question and can be summarised thus:

Government support for public interest journalism should focus on news access, especially at a local level. Priority should be given to support and encourage the re-vitalisation of 'place-based' journalism. We also see value in supporting collaborations between existing news providers to provide essential information needs to local communities. Preliminary findings from the ARC Linkage project (LP220100053) examining the role of the ABC in supporting local news outlets, indicates there is an appetite among commercial and not-for-profit news producers to form partnerships to benefit the sector for the long-term.



Support for public interest journalism should be available for both commercial and/or not-for profit news providers. We are not taxation experts and are aware of our scholarly limits but recognise strengths and weaknesses in both business models. Government should first look to and critically evaluate exemplars of both not-for-profits and commercial news businesses that are the focus of our broader research agenda to establish the best ways of providing support. For example, see the *Murray Bridge News* in South Australia, The Today news group's venture in Alice Springs established with community foundation support, the Community Newspaper Association of Victoria, and volunteer radio station SweetFM in Queensland's Burdekin Shire.

Finally, it is our strong view that tools such as the Australian Local News Proximity Index can help to identify the type of intervention required and to monitor the extent to which news outlets are 'local'.

Q6.1: What are the key barriers or challenges faced by news media organisations in adopting innovative business models or pursuing new revenue streams? How can these barriers be addressed through policy, regulation, or industry-led initiatives?

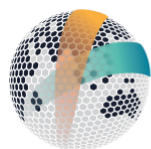
A key barrier faced by local news producers has been an expectation that government funds be used for digital innovation purposes. It is our view that government should be cautious about using the term 'digital innovation' in funding rounds given the priority should be on access, quality and diversity of content. Separate initiatives outside of the News MAP process could encourage and promote a digital-first society (ie: access to high-speed broadband for all rural and regional Australians; enhancing digital literacy, etc). In our view, it is not the role of government to support commercial digital business models or the purchase of digital equipment and software for innovation's sake. This is not to say Australian society should not move towards digital transformation, but that encouraging news outlets to adopt a 'digital-first' strategy through government grants and subsidies is not the immediate solution to the challenges facing local news.

Further, a barrier for traditional news organisations adopting new revenue streams is the extent to which old business models are deeply entrenched in the sustainability of commercial newsrooms. Therefore, it should be recognised that innovation could also be the enhancement, sharpening, re-adaptation or value-adding of established news models and practices for future sustainability.

Q6.2: How can government and regulators encourage and support innovation and the development of sustainable business models in the news media sector? Are there any examples from Australia or internationally that could be adapted to serve this purpose?

In our view, it is not the role of government to support the development of new sustainable business models for local news, rather to recognise the role it already plays through indirect subsidies (ie: government public notice expenditure) in creating a sustainable and vibrant media ecology. Government should frame news access as an essential service, particularly in regional, rural and remote areas, much like it does for health, teaching and in-demand trades – where, for example, government could offer salary bonuses and other financial incentives to lure journalists in difficult-to-staff areas of Australia.

Q6.3: How are news organisations reacting to, or leveraging, the development of more sophisticated artificial intelligence services? What are the likely consequences for news and journalism resulting from existing and novel artificial intelligence services over the coming years and decades? What opportunities and challenges are likely to emerge?



AI is a rapidly changing field and it is therefore difficult to assess its benefits and consequences. We see this area as one in need of further examination. We welcome advancements in AI that enhance the availability, reliability, originality and relevance of local news content produced or curated by journalists.

Q7.1/7.2: What are key advantages and disadvantages of tax-based incentives to support public interest journalism? Are tax-based incentives preferable to other mechanisms, such as grants?

As highlighted, we are media scholars not taxation experts, but our research indicates that tax-based incentives may be most beneficial to *supporters* of local news and journalism, especially advertisers (businesses, multinationals), and for providing incentives to the not-for-profit sector to promote their key messages more readily via local news outlets. Our research indicates that local news audiences see little value in tax incentives for news audiences, especially, for instance, for news subscriptions.

We suggest developing a model that encourages not-for-profits, NGOs and philanthropists to shift focus from donating to special interest journalism projects to also recognise (and incentivise) the role of contributions (ie: not-for-profits paying for discounted advertising space). In Alice Springs, for example, a newly established community foundation is experimenting with this model to enable it to showcase community activities and local champions in a newly established local newspaper the *Centralian Today*.

If donations are to be encouraged in any future model supporting public interest journalism, they should be publicly disclosed, in the interests of transparency.

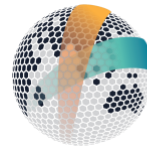
There has been some discussion about tax rebates for employers of journalist who produce public interest journalism. In principle, we support this measure, but journalists would require formal accreditation and available news outlets would still need to show they provide key essential information for local audiences and have evidence of a proximity to the geographic area they purport to serve.

Again, we reiterate support for a national workforce incentive scheme that elevates the base-level pay rates of journalists working in rural and regional areas. This scheme would aim to address the current workforce shortage by encouraging experienced journalists to relocated to - or remain in - rural, regional or remote areas of Australia. The scheme would pay eligible journalists an annual top-up to ensure their salaries have parity with salaries offered by the main public broadcaster the ABC and/or standard metropolitan award rates. It could also include relocation bursaries.

Q8.1: What are key advantages and disadvantages of government advertising to support public interest journalism?

It is our contention that government advertising spend has long supported (indirectly) the business model sustaining news outlets in Australia, and its sudden, rapid shift to social media platforms from the 2010s had a clear role in the decline in news media outlets¹. By ‘government advertising’, we mean regular public awareness notices (ie: road safety) and public notices (ie: tenders, recruitment), rather than campaign or election advertisements. The political sphere’s power to impose legitimacy and credibility on other fields in society through policymaking and funding is widely established, theoretically and empirically. The powerful

¹ We note consolidation of resources and ownership had a bigger impact on the sector.



impact government advertising spend (across federal, state and local levels) plays in local news media is twofold:

- a) It provides sustenance and surety for the ongoing sustainability of news outlets that provide public interest journalism and meet essential information needs for the places they serve.
- b) It reinforces the legitimacy of certain information providers as credible sources of information in which government chooses to disseminate key messages promoting social order, a healthy democracy, civil discourse, wellbeing and safety.

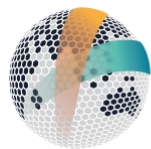
There are important implications associated with the placement and allocation of government advertising. Directing spending away from local news providers and towards other outlets, for example Facebook, creates an uneven landscape as to whom benefits from this spend and why, and it effectively ‘rubber stamps’ the platform (in this case, Facebook) as credible and reliable for local political discourse. In effect, it supports the business model of the social media platform, while news media providers lose this source of revenue.

This situation highlights the ambiguity around government guidelines determining which news media outlets should benefit from government advertising spend. For instance, our research has unearthed reports of start-ups trying to establish in local news spaces during COVID but could not compete when bigger publications re-established with the support of government funding and advertising contracts. There has been an emphasis on spending this revenue with bigger publications that offer impressive digital metrics and reach, at the expense of place-based journalism providers that reach the backroads of rural and regional Australia.

For local news outlets in Australia, government advertising – through public notice expenditure – is a powerful and reliable form of government revenue for local news providers. We refer to this revenue, in fact, as a ‘silent’ subsidy because it has long provided sustenance for local newsrooms, possibly since the late 19th century. Media owners and editors in our qualitative research consistently highlighted the importance of this revenue and the impact the decline of this spending has had over the past decade especially. Alongside real estate and retail, government advertising was one of the key forms of income for their operations and provided surety to their business model. It is not reasonable for government to suggest that the advertising model is an old model and that news outlets must learn to be less reliant on these funds. As long as governments continue to prioritise Big Tech and media companies with broad digital reach, there is a risk of inequity and a threat to the business model that has long underpinned public interest journalism.

Our research suggests spending on public notice advertising has been used as a lever of control, with some local councils withdrawing advertising from local newspapers because of concerns about negative council coverage, while other government departments choose to control public messaging via their own websites and publications.

State government legislation around the dissemination of public notices, meanwhile, is also highly uneven, with the Victorian government the only state government to directly acknowledge the impact its public notice expenditure has on the bottom line for local news businesses. Since late 2022, it has committed to placing a page of public awareness advertising every week in all rural and regional newspapers across the



state. A parliamentary inquiry into regional newspapers has since recommended 20% of all Federal Government advertising expenditure be directed to rural and regional news outlets. Governments need to more rigorously assess which media channels qualify as reliable information sources for citizens across rural and regional Australia and align public messaging accordingly. An assessment of advertising strategies across all tiers of government is essential to ensure funds are well directed and avoid issues of unfair advantage in the marketplace.

We suggest the Australian Local News Proximity Index may be an appropriate instrument to guide policymakers on where to prioritise federal government advertising revenue at the 'local' level in any campaign that is designed to reach ALL Australians.

A note on terminology

In mainstream media, any conversation about federal government advertising spend quickly shifts towards politicisation of taxpayer-funded advertising and misuse of funds for political gain (see New Daily, 2022). We suggest advertising strategies adopt terms such as 'public awareness/essential notices' and 'functional public notice spending' to better describe the type of advertising discussed here. These terms also separate it from the cyclical, and sometimes controversial, election campaign spending. This would help improve taxpayer perceptions and understanding about the nature, intent and target of this form of advertising.

The need for transparency

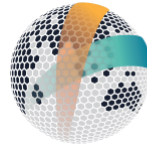
The flow of advertising revenue from governments to media channels warrants much greater scrutiny. In an era troubled by misinformation and disinformation, there should be a commitment to disseminate public notices via reliable media channels that serve as a form of public record for communities in the interests of democracy itself. There should be scope to prioritise such spending in news media that serves the interests of places they purport to serve, further highlighting the need for an Australian Local News Proximity Index.

Q8.2: Is government advertising preferable to other mechanisms, such as grants?

It is indeed the great paradox of the News Media Framework – governments have increased their expenditure on social media platforms and 'big' media with impressive (global) digital metrics, while at the same time have lamented the decline of public interest journalism, the rise of misinformation and news deserts in rural and regional areas.

Government advertising is crucial for the long-term sustainability of local news media in Australia. From our perspective, it is the single most influential factor in determining whether a news outlet will be sustainable. Of course, government advertising is not the only factor that shapes a news outlet's future, but of all existing levers and government revenue available, it is a much smarter, targeted way to disseminate funding that benefits the future of public interest journalism.

Simply put, government is faced with two choices:



1: It can adopt the radical practice of taking all government advertising spend out of the media ecology and place vital public notices and messaging directly on its own digital websites only. This would immediately create a level playing field across the ecology, but in our view would have a catastrophic effect on news media outlets nation-wide. However, such a measure would most likely enable government to see just how important this revenue source is to news outlets.

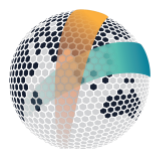
2: Adopt a more measured, targeted way of disseminating government advertising revenue. This would mean that government advertising decisions could be focused on targeting media that are seen as important sources of public interest journalism for communities. The principle strategy would be platform agnostic. This means moving from a requirement for 20% of advertising spend to be directed to regional printed newspapers, to instead prioritise any news outlets that have demonstrated commitment and connection to local towns, cities and suburbs as scored on the Australian Local News Proximity Index. These news outlets are best attuned to the most suitable information platforms or mediums that best reach their niche audiences.

We appreciate that guidelines for national information and advertising campaigns are determined by the Department of Finance, however, it is in the nation's best interests for government departments to work with one another in the interests of democracy and the social fabric of Australian society. It is noted that a recent parliamentary inquiry recommended the main public broadcaster collaborate with other news providers in the interests of local news futures. We ask government departments to do the same. Further, we note the government's advertising framework that promotes 'Contemporary, best-practice approaches to communication' is highly subjective. In our view, for example, 'best practice' for government does not mean prioritising news platforms with extensive global reach or audience metrics.

Q9.1/9.2/9.3: Who should be regulated? The contemporary news ecosystem includes a broader range of actors, including intermediaries such as digital platforms. How should these intermediaries be considered in relation to diversity of control, and should they be subject to any specific regulations or requirements? What other factors affect diversity? Why should they be regulated? Should news media diversity be regulated at a national level or at a more localised level (for example, major cities, regional and remote)? How should they be regulated? What are your views on whether government regulation of news media diversity be focussed on the media through which it is delivered or be agnostic?

We suggest there needs to be a regulation requiring ALL local news providers that receive government support to either introduce or strengthen existing methods for publicly archiving their content. This would provide any monitoring or oversight body, such as the one recommended earlier in this submission, with reliable and accurate data to conduct assessments and audits, and aid the use of tools such as the Australian Local News Proximity Index.

On the question of how governments spend their advertising budget on public notices and the like. At present, this appears to be organised on a department-by-department basis, with a range of differing practices and preferences in play across government. To implement the proposal in this submission about the need for public notice advertising to be spent with local legacy media companies and not-for-profit outlets, it would be preferable for the Department of Finance to revise advertising guidelines that coordinate advertising spend across government and recognise the importance of disseminating public messaging campaigns in outlets that provide public interest journalism. There too is a need for state and territory governments (and local governments) to revisit legislation around public notice spending.



On the question of “diversity of control”, this is an issue that has become less important than it was in previous decades when there was substantial concentration of ownership in the news media. This does not mean there are no issues concerning concentration of media ownership now in Australia, it is just that they have been overshadowed by the well-nigh existential threat posed to the commercial sustainability of legacy media by the reach of global tech companies. Without commercial viability for these companies, less public interest journalism will be created. It is not enough for Australians to rely on its two publicly funded broadcasters, the ABC and SBS. Whatever their virtues, greater diversity of media source is needed to meet the information needs of local communities.

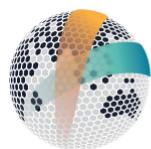
On the question of whether government should be “agnostic to the media delivery mechanism”, what matters here is that over the past decade the media has converged but the means for regulating it has not. That is, where there used to be separate print, radio, television and online media outlets, now companies are free to produce media across all media forms, including social media, and that is what they do. The company formerly known as Fairfax Media, which produced newspapers and online news, merged with – or was taken over by – the Nine Entertainment company, which historically was best known for its network of television stations. Where Fairfax Media outlets were regulated by the Australian Press Council, the Nine network was and is regulated by the Australian Communications and Media Authority. Historic differences between newspapers and broadcast and online media have collapsed. All of them produce journalism but they are regulated by different bodies: the Press Council is self-regulated while ACMA is a government statutory authority. Just as there are complex issues to be worked through to merge these two bodies or to create a new one, so it is clear as several commentators have been saying for years that the current regulatory system for the news media is weak and fragmented.

Q10.1 What segments/groups/demographics in the community most need support from government to improve media literacy? Q10.2 In what areas (e.g. Access to trusted news, media technologies and environments, evolving news consumption habits etc) is media literacy education or research most needed? Q10.4 What further research and evidence is required to inform understanding of the impact of media literacy levels on the quality of news and journalism? Q10.1 What segments/demographics in the community most need support from government to improve media literacy?

We argue that all Australians would benefit from more targeted government support to improve (specifically) *news* literacy, and that all areas of media literacy research in Australia are needed in equal measure.

There is no doubt that media and news literacy research has grown in Australia in the past two decades. Up until recently however, it has mainly focused on children and youths. There appears to be more Australian research coming on stream that seeks to gauge adult news consumption behaviours and literacies. However, we argue that government should place an even higher priority on and support for hastening research outcomes in this area to provide greater baseline data on the news consumption patterns of all Australians, in order to address and properly target (with, for instance, appropriate education and messaging frameworks) the news literacy needs of all Australians. This heightened priority is also in line with keeping pace of the rapid changes in news consumption behaviours, algorithmic and digital technologies, and the rise of mis- and dis-information worldwide over the past three decades.

For instance, for government, this could take the form of a national marketing campaign, promoting news literacy, with simple messaging around how Australians can improve their news literacy skills (similar to, for instance, the national Slip, Slop, Slap campaign late last century).



There could also be more targeted government support for media and news literacy education platforms and/or initiatives, which could have synergies or partnerships with, for instance, the Australian Media Literacy Alliance, ABC Education, news outlets/providers in Australia, and key education, media and news literacy researchers.

And while research into child and youth news literacy is more developed in Australia (than, for instance, adult news literacy research), there is still a need for government to place a greater priority on enabling a more uniform national approach to the development and establishment of appropriate news literacy curriculum and resources in Australian schools. Current Australian studies have found that most news literacy education is patchy, depending on the state and curriculum and resources available for young people.

In essence, what we are saying is that while there is definitely a need for more baseline research into the media and news literacy needs of Australians, there is already enough strong data (in Australia and internationally) that could provide a solid framework for initiatives that could start to tackle news literacy challenges head on.

Key publications informing this submission include:

Hess K and McAdam A (2023) Degradation and ‘desertification’ of digital news ecosystems. in (eds) Eldridge, S, Swart, J, Banjac, S and Cheruiyot D, *Routledge Companion to Digital Journalism Studies (2nd edition)*.

Hess K and McAdam A (2024) ‘Everyone keeps telling us it’s going to die’: A close examination of ‘myths’ clouding local newspaper futures in Australia. *Media International Australia*.
<https://journals.sagepub.com/eprint/ZHHCFF5WPKZ7EGFW5MTY/full>

Olsen R and Hess K (2024) “It’s new to us”: Exploring authentic innovation in local news settings. *Media and Communication* 12(1) <https://www.cogitatiopress.com/mediaandcommunication/article/view/7444>

McAdam, A and Hess, K (2024) Re-asserting the value of local ‘news presence’ for small-town news outlets in a digital era. *Journalism Practice*. Under review.

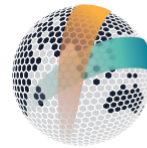
Hess, K, McAdam A, Blakston, A, Ricketson M, Waller, L and Lai J (2023) *Media Innovation and the Civic Future of Australia’s Country Press*. Final Report, Deakin University. www.localnewsinnovation.org

Magasic, M, Hess, K and Freeman J (2021) Examining the social, civic and political impact of local newspaper closure in outback Australia. *Media and Communication*
<https://www.cogitatiopress.com/mediaandcommunication/article/view/6697>

Hess, K and Waller, L (2021) Bargaining with local journalism’s value, S. Allan (ed). *Routledge Companion to News and Journalism*.

Hess, K and Waller, L (2017) *Local journalism in a digital world*. Palgrave: London

Hess, K (2019) ‘Mining the depleted “Rivers of Gold”’: Public notices and the sustainability of Australian local news in a digitised democracy’ in Schapals, AK, Bruns, A & McNair, B (eds.), *Digitizing democracy*, Routledge, pp. 88– 99.



**** Geographic proximity:** The importance of physical geography and proximity to local news is well documented. Anderson (2020, p.143) argues geography matters *more* than any other competing dimension. Reader and Hatcher (2020) contend that truly *local* news involves a range of content that all has physical ‘proximity’ as the principal news value. The idea of proximity has traditionally been associated with news or events that are geographically close to readers (Shoemaker et al., 2007, p.231). Broader research indicates that being a local news producer in rural and regional settings involves maintaining (or building) a physical presence in the geographic regions they serve, and knowing their geographic boundaries and limits best enable them to resource and provide local news (Usher, 2021). Gutsche and Hess (2018), meanwhile, highlight how topography and natural resources can shape the types of stories local journalists cover.

Cultural proximity: Cultural proximity is defined as the role local media play in generating shared meaning and values for audiences connected to a given locale (Usher, 2021), generating notions of ‘community’. Cultural proximity draws on Carey’s (2009) ritual view of communication of ‘sharing participation, fellowship’. For a news outlet to be considered ‘local’ and have cultural proximity to audiences requires developing a deep understanding and knowledge of a place or, as Hess and Waller (2017) describe, a second sense of knowing what ‘makes a place tick’ – a concept that builds on Bourdieu’s (1989) notion of habitus as the values and attitudes that influence one’s interaction with the social world. Usher (2019, p.23) suggests journalists who can invoke similar shared values and life experiences to their audiences are considered legitimate ‘emplaced agents’, giving them the trustworthiness and qualifications to culturally construct the meaning of a place. Coverage of cultural events and milestones such as festivals, annual events, births, deaths and marriages are all considered to contribute to the ritualistic dimension of news in this way. Cultural proximity also incorporates how the notion of scope – how global news events are contextualised or localised for news audiences (Shoemaker et al., 2007, p.232- 34).

Social proximity: While cultural proximity focuses on the meaning-making function of local news, social proximity encapsulates a local news outlet’s interaction with social spaces and structures and its ability to build, foster and broker social connections that relate to a geographic place (Hess, 2015; Bowd, 2021). Cohen et al. (1990) suggest proximity has a psychological component, with people perceiving patterns through social systems, structure, order and networks. Literature about local journalism highlights the importance of news outlets being visible in geographic settings to develop committed and reliable connections and relationships with people in local spaces (Wahl Jorgensen, 2023; McAdam & Hess, 2023). Coverage of and understanding societal systems of government, law and order, healthcare, sport, education, social services, business, religions, interest groups and infrastructure are identified in community settings as being especially important to maintaining (and challenging) social order and keeping individuals informed about affairs. Finally, social proximity relates to the way in which local news can adequately provide critical information needs from weather forecasting through to emergency information that helps people navigate their daily lives (Gutsche and Hess, 2018).