

## News Media Assistance Program

### Submission and response to Discussion Questions

#### McPherson Media Group

Shepparton

#### The Access Objective: Discussion Questions

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

Clearly. We would argue that maintaining access to reliable and trustworthy news is essential in assisting our communities to remain informed and apprised of the significant issues that affect them, as well as current events.

We note that the means of access to news have changed dramatically in recent years: in our region, almost 65% of our large numbers of digital readers now access our news on mobile devices.

##### **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?**

In the regional context, it includes reporting relevant to local government, local courts and relevant government agencies, such as rural water authorities and water boards, hospital boards, schools and tertiary education providers – all of which are particularly important to citizens in these areas. Citizens need to be alerted to issues and policy decisions that affect them and they need to have confidence in the integrity of those decisions.

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

The rapid adoption of new technologies – particularly by young people – is forcing the industry to be clear about who its customers really are. In our view, it must focus its efforts on meeting the needs of its respective local communities, which includes providing journalism in formats and technologies that maximise access, as well as recognising language and cultural differences.

We also believe government has a role in monitoring creeping restraints on access to information – by journalists as well as the general public. For example, the pandemic forced significant changes in the administration of justice, with many court hearings in civil and criminal jurisdictions being streamlined with online hearings; these have continued post the pandemic, introducing multiple barriers to scrutiny, including difficulty in accessing details of charges, defendants and penalties. Similarly, many local government and semi-government entities have built significant communications infrastructure around themselves, insulating officials and investing heavily in their online marketing and communication as a means of avoiding or engaging with local media. FOI requests to some of these organisations can take years.

## **The Quality Objective: Discussion Questions**

### **Q2.1: Is quality the right objective?**

Quality is of paramount importance in maintaining trust and needs to be continually demonstrated over time.

### **Q2.2: How should the quality objective be understood? Is it the same for all forms of journalism?**

It should be first understood as a subjective goal and one that every news organisation will claim. But as good-hearted and well-informed citizens might understand it, quality implies journalism that gives them the facts without obvious or partisan judgement. We believe it is further augmented by original reporting by identifiable journalists with by-lines; by our use of a rigorous grading system to improve journalists' reporting and writing skills over time; and by ensuring that advertisements should be obvious or indicated and that any use of AI to create news or images should be specified.

We would argue that this interpretation of “quality” occurs much more regularly in the regional context because regional news providers must appeal – or at least be acceptable to – a majority of their local citizens if they are to survive. We believe the high levels of trust we maintain in our communities (amply evidenced by massive spikes in readership during times such as the pandemic or, for example, widespread regional flooding) is reinforced by being, whenever possible, a useful friend and guide to the reader, without being teacher or preacher – or indeed, a shrill alarmist that is prone to exaggeration.

[NB: While many regional and rural areas may have traditionally leaned conservative, the demographics have altered significantly over the past two decades as eastern state housing departments have steadily shifted very large numbers of welfare recipients from outer metropolitan areas to the regions to take advantage of cheaper housing.]

This can be contrasted with metropolitan markets, where some large publishers have realised that partisan news is more profitable, particularly on the conservative side, having learned

from right-wing television and radio stations (and websites) that conservatives are more fearful of change and are much “stickier;” their constant attention is maintained more easily with a diet of alarm, fear and provocation to anger.

Metropolitan markets are large enough to carve out a large and profitable segment of the population that responds to partisan news and journalism. This cannot be regarded as “quality” in any traditional or ethical sense of the word, as it applies to public interest journalism.

**Q2.3: 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?**

There are no obvious wins for government in intervening in this area. That is not to say that support and encouragement cannot be offered in a variety of ways – not necessarily monetary ways – to exemplars of journalism that endeavour to adhere to high ethical standards.

However, the discussion paper refers to “the costs of inaction”, and it seems to us that considering questions of promoting that quality of news content – in the context of the laissez-faire online world with its overwhelming volumes of information, misinformation and trivia - feels somewhat akin to Nero fiddling while Rome burned. We have endeavoured to make more useful comments in answers to later questions on specific interventions.

#### **The Diversity Objective: Discussion Questions**

##### **Q3.1: Is media diversity the right objective?**

It is. While the plethora of voices – particularly online – representing distinct cultural, ethnic and other communities with shared interests might suggest diversity is no longer an issue, it is largely illusory: the level of concentration among the most influential publishers and platforms in the media space is both acute and alarming.

##### **Q3.2: How should the media diversity objective be understood? How might the media diversity objective be promoted in the contemporary media environment?**

The desired outcome of a healthy and diverse media environment is for citizens to have access to a range of sources of **public interest journalism**. Employing such a lens, it is not difficult to

distinguish, for example, the massive online platforms with highly sophisticated – if not insidious and opaque – targeting tools focused on delivering “high-propensity consumers” to sellers of goods and services. To them, news is merely a by-product – one acquired as cheaply as possible. The same can be said for more traditional but highly partisan news sources, although the latter put more effort into maintaining attention through news, albeit curated for impact, as compared to “anything that works.”

**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?**

Of course. Since the emphasis on competition law in western countries shifted in the 1980s from a policy interest in maintaining competition to one where “consumer benefit” became the overriding consideration, the market has largely taken care of the rest – delivering us a handful of powerful and dominant players essentially focussed on the economics of attention. On any analysis, this has sharply reduced the sources of public interest journalism around the world, with Australia being a very clear leader in the field. In recent times, only the ACCC has done the heavy lifting.

**The Engagement Objective: Discussion Questions**

**Q4.1: Is engagement the right objective?**

It is, and encouraging citizens to participate in civic engagement faces significant challenges, as does fostering trust in government and stabilising institutions. Much has been said about the cumulative impact of seminal events such as the Iraq war and its justification; the global financial crisis and subsequent lack of accountability, not to mention the growing gap between rich and poor; followed by the pandemic and its apparent loss of social cohesion over lockdowns and vaccine avoidance; as well as climate change denial – producing a level of cynicism in the old and bewilderment in the young. It has provided fertile ground for conspiracy theories and disrupters, and severely dented confidence and trust in institutions. Rebuilding it may take a generation, if indeed it is possible.

**Q4.2: How should the engagement objective be understood? How might the engagement objective be promoted in the contemporary media environment?**

It is not surprising then that citizens of all ages, but particularly the young, have been vulnerable to the distractions of social media algorithms and device addiction. The echo chambers of the internet have also led to a growing fear and wariness of “others,” feelings cynically and deliberately fuelled by partisan media as well as platform algorithms designed to seek undivided attention.

Much of the traditional media has been sucked into this vortex, unable to pivot away from the economics of attention, which, we can now see more clearly, has long been the major focus of for-profit media businesses. While editors and journalists once proudly took the credit for the huge readership numbers of several decades ago, the plunge in readership after the move of classified advertising to online platforms demonstrated unequivocally that most people were buying newspapers for the ads, not for the journalism.

The growing evidence of today's widespread news avoidance needs to be viewed in this context: while sections of the community are obviously attracted to highly partisan media, their increasingly shrill alarm calls and enemy-seeking produces an uneasy and defensive relationship with the reader, rather than a trusting one. Regional media do not play in this space and, along with entities such as local community radio and ABC Rural, instinctively understands that engagement is best built on healthy respect for others, loyalty and trust.

Regional media are particularly effective in combatting the destructive impacts of "otherness" by celebrating inclusion and a sense of belonging. It can be fostered, for example, by the stories and struggles of refugees, not to mention their cuisine, dance and colourful culture. The capacity to share many more individual stories of citizens from all backgrounds and walks of life reinforces that sense of belonging and provides an antidote to "otherness." It is the opposite of the "enemy-seeking" practiced by partisan media.

**Q4.3: What are the appropriate roles for government and industry in pursuing this objective? For example, does government have a responsibility to foster citizens' critical engagement with news content?**

The task for those parts of the industry committed to providing public interest journalism is to abandon the economics of attention – if they haven't yet – and focus on issues that are relevant, useful and compelling in assisting readers/subscribers to live safe, healthy and productive lives in their communities.

The juggling of priorities between advertisers and readers has meant the industry has been too slow to understand the urgency of addressing this disruptive transition to a media environment where news occupies a smaller space in the lives of citizens, who are now armed with rich means of staying in touch with friends and family (and their activities) as well as endless opportunities to be entertained and distracted. Overseas experiences offer clues to an emerging model where publishers with strong local brands can leverage their trust relationships within a new and evolving mix of content – in particular, the kind that adds value and helps citizens in their daily lives. The lack of scale for regional publishers (and consequent impact of declining advertising revenues) is forcing them into this very rapidly, arguably much faster than metro publishers still pursuing the economics of attention.

As for government's role, it seems to us imperative that government explores innovative ways of fostering citizens' engagement and trust in democratic institutions, lest current trends continue and magnify: that is, we allow a handful of massive international platforms to continue vacuuming up huge profits by tempting and distracting citizens with an endless stream of minor pleasures, giving life to Aldous Huxley's prediction that we will most likely amuse ourselves to death rather than fall afoul of Orwell's Big Brother. All without any responsibility for the tools of disinformation, conspiracy theories and enemy-seeking they use to solidify that distraction.

**Funding Programs: Discussion Questions**

**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?**

Funding assistance from government in times of crisis, such as the pandemic, is most justified when the public benefit is clear but nonetheless needs to be approached cautiously. For example, the relatively modest *Regional and Local Newspapers Publishers Program* enabled regional and community news to be produced and distributed in the face of spiking newsprint and freight costs. In our view it was temporary but well-targeted. In contrast, the *Regional and Small Publishers Jobs and Innovation Package* was overly bureaucratic and absurdly slow, so only a small portion of the funds were distributed before being diverted into another program that missed the point of preserving jobs.

**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?**

Our view is that support aimed directly at encouraging employment of people engaged in public interest journalism is a particularly useful and targeted focus that has no connotations of influencing or compromising editorial independence and would not be construed that way.

The same can be said of government advertising, where the content is messaging of relevance and importance to citizens and can obviously include a wider range of information ranging from emergency and public health issues to accessing government services or awareness campaigns encouraging safe or socially cohesive behaviours. This is an exchange of benefits rather than public support.

There may be other methods but these two avoid problems of conflict or influence. In the context of the rapidly changing media environment they must necessarily be regularly reviewed, but it is fair to say the sad and steady reduction in the numbers of public interest journalists shows no signs of slowing.

**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?**

The obvious reason for giving particular attention to regional and local news providers is the challenge they face in terms of scale as they attempt to transition to an overwhelmingly digital environment. Many have already succumbed to the migration of their advertising to digital classified sites such as Realestate.com, Carsales and Seek - and moreso to foreign-owned platforms such as Meta. Those remaining are, in most cases, the only source of public interest journalism in their regions; while the ABC maintains broadcasting reach, its few regional journalists rely mainly on existing local newspapers for leads and information.

We believe government should be alarmed at the prospect of such a large proportion of citizens having no reliable source of information and news. We have already seen in our markets several examples of large Facebook communities emerging on specific partisan issues and inflaming community anxiety and division; the presence of a trusted publication – in print or online or both

– provides an important moderating influence and a trusted platform for informed community debate and discussion.

These publications remain an important vehicle for government and public messaging as well; while the online domain evolves into an increasingly fraught space with the potential of AI to accelerate misinformation and overwhelm citizens with deep fakes and suspicion, we believe trusted community publications will continue to be essential for community stability and health.

### **Business models: Discussion Questions**

#### **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?**

Along with lack of scale, the swift migration of advertising revenues has also diminished our capacity to invest adequately in the “tech stack” required to publish on the formats to which citizens have grown accustomed, find convenient and indeed expect. Doing so while continuing to produce print products for a diminishing pool of older readers (who are nonetheless attached to them, if not heavily dependent on them) is particularly challenging.

The traditional focus of the industry on “the economics of attention” remains a challenge for parts of the industry but most regional publishers are now chiefly focussed on subscriber revenues and other potential revenue streams such as events and one-off specialist publications as a means of funding their journalism. Ultimately, as the painful reduction in print editions, print circulation and printers proceeds, we can envisage a future that is predominantly digital, with significantly reduced revenues supporting a much-reduced – but hopefully still viable – offer of public interest journalism in our communities.

We all pay close attention to overseas developments and experience, and while there are incrementally useful ideas there are no magic bullets.

There are obviously some regulatory issues - particularly relating to the foreign-owned platforms – that would mitigate these trends, which we mention in Q.9.1 below.

#### **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?**

An idea we have proposed in other fora is some combination of industry and government co-investment or support for the development of a generic “tech stack” that would enable a wide range of community groups as well as publishers to deliver public interest journalism online in the popular formats of mobile and desktop. These are currently expensive and remain in the province of large publishers and well-funded platforms but the technology is not rocket science and one jointly developed would produce a reasonable return if it was made widely available to use or licence at a modest cost.



**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?**

The sudden emergence of generative AI gave everyone the opportunity to start from the same point, more or less, and there has been much ready implementation of easily-accessed features such as suggesting headlines, generating summaries of long reports or press releases, suggestions for interview questions and story ideas on particular subjects or features. Most regionals were quick to introduce protocols to assure our readers that AI-generated news or features would be identified but it is not yet an issue. Larger publishers are using more sophisticated AI systems to generate or amplify locally useful news, such as weather reports and lists of forthcoming court appearances etc, in specific markets, and these uses will no doubt expand.

#### **Discussion Questions relating to tax-based incentives**

**Q7.1: What are key advantages and disadvantages of tax-based incentives to support public interest journalism?**

- The obvious advantage is that tax-based incentives can be targeted towards objectives such as employing more people engaged in the public policy benefit of producing public interest journalism, and we strongly support CPA's view that a refundable tax credit of 35% of eligible newsroom employee costs for publishers of public interest journalism up to a salary cap of \$85,000 per eligible newsroom employee per annum, in line with the Canadian model, would have a positive effect.

**Q7.2: Are tax-based incentives preferable to other mechanisms, such as grants?**

Both have a role to play. The support for bringing young people into the industry through the cadet journalism program has been particularly useful: the sad reality is that metropolitan publishers and news organisations have become lazy in recruiting and training sufficient young

journalists and prey constantly on the regionals and poach incessantly, often when the cadets have just six months or less experience. The ABC is just as bad and it is a constant battle.

In addition, the proliferation of fat local government and semi-government communications teams puts further pressure on regional publishers: instead of sourcing staff from graduates of tertiary programs, they prefer people with local experience and, of course, they don't bother to train their own. They simply draw on their taxpayer-funded budgets and offer our cadets 30-40% more to move. The government-supported programs at least give us some leverage to appeal to cadets employed under the program to keep their commitments and we strongly support the CPA's request to fund 70% of 100 cadet journalists' first year wages in regional newspapers.

### **Government advertising: Discussion Questions**

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

A primary advantage is that properly conceived government advertising in regional publications is a *quid pro quo*. In the regional context, the people engaging with our journalism are also the most engaged, and those most aware of issues relevant to the local community. They include community leaders in a broad range of community endeavours: civic responsibilities, justice, education, health, business, sports, service clubs and community initiatives and advocacy. Government messaging is highly effective among these groups, and important, for these are the people who lead, moderate and influence community discussion and attitudes.

The government's money is well spent because of that effective targeting. In our view, the media people in federal departments have been besotted by young media buyers extolling the virtues of online and social media, whereas any careful analysis shows how opaque the impact of that spending is, with individually-tailored messaging following the algorithmic assessment of individual interests. It is impossible for the government to know if its messaging is getting to the citizens it wishes to reach or what kind of content its messaging sits beside.

The discussion paper suggests that the Government's regional advertising spend has reached or exceeded the 20% target recommended by the 2022 Inquiry but this is completely disingenuous. The 20% figure is, in fact, a steady proportion of a plummeting total government spend in **print**, not in overall government advertising. Our group's federal government advertising has reduced by 85% over the past two years to a level that is frankly pathetic. See below:

<b>MMG Newspaper</b>	<b>2021/22</b>	<b>2022/23</b>	<b>2023/24</b>
Benalla Ensign	\$34,920	\$2,340	\$2,502
Cobram Courier	\$22,326	\$6,084	\$2,334
Corowa Free Press	\$22,160	\$2,330	\$2,300
Deniliquin Pastoral Times	\$28,629	\$8,153	\$2,548
Echuca Riverine Herald	\$23,310	\$5,060	\$2,760
Finley Southern Riverina News	\$24,540	\$6,980	\$2,550
Kyabram Free Press	\$24,770	\$2,433	\$2,606
Rochester Campaspe News	\$21,107	\$2,731	\$2,638
Seymour Telegraph	\$26,802	\$2,870	\$2,267
Yarrawonga Chronicle	\$24,287	\$6,374	\$2,474
Country News	\$55,204	\$8,206	\$7,393
Shepparton News	\$56,063	\$3,276	\$4,737
<b>Total</b>	<b>\$252,852</b>	<b>\$56,837</b>	<b>\$37,109</b>

The claim of adhering to the 20% target is therefore an utter fiction; if government is in any way seriously concerned about public interest journalism and the health of our democracy, how can it justify diverting the vast majority of its advertising spend – sourced from our own tax dollars – to huge and unaccountable foreign-owned entities which assign those ad dollars to spaces determined by their algorithm? As an Australian taxpaying entity, we find that -and the pretence of keeping the 20% commitment – offensive.

Not surprisingly, we strongly support the CPA proposition that our tax dollars would be far more effectively spent with the modest investment of a weekly page of advertising in every regional publication. Government could then be certain that its message gets to the very people who will help nourish our democracy.

Our view is that a commitment of that kind for, say, a 3-5 year period would certainly assist our transition to a stable (and hopefully profitable) model where our public interest journalism can be sustained. If we haven't reached that point by then – and government doesn't believe it is getting value for money or can't justify the public benefit – then we have no interest in surviving as a mendicant publisher.

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

We think so. Grants are a blunt instrument that can be best justified in times of crisis – such as Jobkeeper during the pandemic, or support for newsprint supply in the face of temporary excessive freight rates, both of which were highly effective. But relying on government handouts is not a habit we wish to develop.

## **Regulation: Discussion Questions**

**Q9.1: 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? Should this consider transparency of the source of donations or funding? Should diversity be considered at the production or program-input level? Should personnel diversity within an organisation be considered?**

The fiction in describing the major platforms as intermediaries is in itself an abject failure of public policy, the consequences of which are already far-reaching, and frequently dangerous. The platforms are so obviously publishers – they curate, moderate and use sophisticated algorithms to direct particular kinds of content to particular people, including children, without any oversight or control whatsoever.

Meanwhile, we regional publishers – minnows in the media ecosystem - are accountable for our behaviours and liable for the damage we cause. Moreover, we must comply with onerous requirements that defy understanding, such as our extensive and tedious annual reports to ACMA, if only because we publish newspapers within a radio or television license area. Why not Meta, which operates in the same licence area much more significantly, dominates our regional advertising and pockets the vast majority of advertising revenues in our country? Kindly explain. It's insane.

Sooner or later, a western government will have the courage to hold the platforms accountable for the damage they cause. How many youth suicides, scams and episodes of deep fakes undermining public trust in the democratic process will it take? Who knows? With the burgeoning growth and explosive potential of AI, the media space resembles the Wild West, with effective regulation non-existent and irrelevant.

**Q9.2: 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)?**

It is not that long since we were required to register our printing presses; and as newspaper publishers we are still required to report to government agencies. The original reasons for the former were partly on national security grounds and the latter based on restrictions on cross-ownership of delivery mechanisms – reasons now obliterated by the immense market power and unconstrained influence of international platforms that enjoy a total absence of regulation.

The comparison is so distorted and unfair to be bizarre. While the ACCC has some tools to deal with competition and abuse of market power, those tools require buttressing to deal with the sheer magnitude of these players and their capacity to destabilise and undermine our democracy.

**Q9.3: 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 to the media delivery mechanism?**

Our view is that delivery mechanism is far less important than accountability. Every entity in the media space should, like any other operating entity, be liable for any harm it may cause.

That must include individuals as well: the massive scale of anonymous activity and comments is a scourge that any government concerned about the health of its communities must try and address. It has long been the case that traditional media has protected anonymity in cases of power imbalance, and that remains important; people have also had tools such as graffiti and pamphlets to express concerns or opinions – but the turbo-charging impact of the internet and exploitation by bad actors means re-assessment is required.

**Media Literacy: Discussion Questions**

**Q10.1 What segments/groups/demographics in the community most need support from government to improve media literacy?**

In our communities, it is newly arrived migrants and refugees, as well as at-risk young people and those who have been unprepared or unable to engage effectively with the school system. The schools themselves appear to be doing the best they can, although questions remain about how successful education has been in teaching basic reading skills in recent decades.

**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?**

We have no useful basis for comment.

**Q10.3 What are the social and economic risks of low media literacy levels in the community?**

We have no particular expertise. The apparent growth in readiness to accept conspiracy theories or challenge any truth is reaching deep into regional areas – for example, we see local

reports of young people arguing that the Hamas attack of October 7 never happened, or was some kind of “false flag.”

**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?**

The relationship between the two is not entirely obvious.

**Q10.5 What metrics and data sources should be considered to track media literacy levels of Australians in the future? What can Australia learn from approaches adopted in other countries?**

The Edelman Trust barometer is usually instructive, as are qualitative surveys of what people believe. Regular assessments of reading skills levels seem to be significant.

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