

Director, News and Journalism Section
Platforms and News Branch—Online Safety, Media and Platforms Division
Department of Infrastructure, Transport, Regional Development, Communications and the Arts
GPO Box 594
Canberra ACT 2601

SUBMISSION ON THE NEWS MEDIA ASSISTANCE PROGRAM

From: Mr Simon Crerar, Mr Rob Wise, Dr Margaret Simons, Ms Karen Mahlab AM

Founding Directors.

Paradigm Shift Media Pty Ltd.

Dear Director,

Paradigm Shift Media Pty Ltd (PS Media) welcomes the chance to contribute to the News MAP process.

PS Media is a profit-for-purpose local news startup founded by directors Simon Crerar, Rob Wise, Karen Mahlab and Margaret Simons. We asked financial supporters to back a collaborative local news startup co-creating the news with the communities it served.

The bulk of our submission is the attached report on our 12 months of testing a new model for local news media in three Australian communities. The report describes our founding, our track record on raising investment funds and philanthropic donations, and the progress of our pilots. We have been frank on our successes, failures and lessons learned.

Below, we highlight some things in the report which we believe are particularly relevant to the issues raised in the News Media Assistance Program Consultation Paper.

As the Consultation Paper highlights, there have been many inquiries into the problems of news media over the last twenty years, resulting in successive recommendations that have a considerable amount of overlap. There has been some action as a result, but as the Consultation Paper states, much has been ad hoc or reactive. Comprehensive media policy in this area is badly needed. There is plenty of evidence that the current downturn in advertising markets is largely structural – the markets may not rebound. Without a step change in action soon, we will lose more public interest journalism, and the consequences for community cohesion and democracy are likely to be devastating.

There has also been movement in the industry over the course of all these inquiries.

At the time of the Report of the Independent Inquiry into the Media and Media Regulation (Finkelstein Inquiry) in 2012, most mainstream media organisations were vehemently opposed to the idea that privileges under the law and government assistance should be tied to willingness to commit to self-regulation schemes that met minimum standards, such as the Australian Press Council. Since

then, however, most media organisations have willingly accepted such requirements in the News Media and Digital Platforms Mandatory Bargaining Code and the News MAP.

While we believe there is plenty of room to improve media self regulation in Australia, we recognise this is outside the boundaries of the current inquiry. However, the acceptance of the principal that government assistance is predicated on commitment to standards is a foundation for further progress in providing targeted government assistance to the kind of journalism that matters.

For example, the Productivity Commission's current consideration of reforming the requirements for DGR status – widening the list of eligibility to potentially include news media - could very easily include a requirement for commitment to meaningful self-regulation meeting mandated standards.

Likewise, such requirements could form part of eligibility for tax benefits. In the latter context, we draw attention to the 2019 PIJI research into the possibility of a refundable tax offset for eligible expenditure on "Core News Activities", which addressed some of these issues. The PIJI Report can be found at this link: <https://piji.com.au/other-research/public-interest-journalism-tax-rebate/>

We turn now to some of the specific matters raised in the discussion paper, highlighting those areas where our experience, as detailed in the attached report, is relevant.

Part 1: Framework and Objectives

Access

While attention is often given to deficits in the availability of rural and regional media, the evidence suggests that the most severe "news deserts" are in suburban and edge of urban areas. The fact that the population can access news media reporting national and international affairs is of little help in empowering them to understand and participate in community affairs. This is of particular concern, since the edge of urban areas often include large populations of recent arrivals in Australia, and present a particular challenge for social cohesion. Democratic participation becomes more relevant when people can see proximate evidence of how their vote matters. Informed voting in Council elections needs local independent information - a role played by local media in the past, but now largely lacking.

In response to Q1.2, we would urge that access to news should include information on local government and local institutions as a matter of priority. It is notable that most of the new entrants to the Australian media in the last ten years – such as The Guardian in Australia and the Daily Mail – focus on national and international affairs. Meanwhile, local news continues to dwindle.

Access to local news can also powerfully aid media literacy and combat misinformation and conspiracy theories. When people read local news, they can usually recognise its relevance, because of their intimate knowledge of their home communities. The news is "grounded" in their lived experience. Deprived of local news, they are more likely to be vulnerable to misinformation and conspiracy thinking and radicalisation.

Quality

PS Media gave a great deal of consideration to quality. We believe this is essential. We agree with the assessment of several inquiries that the standards of media self-regulation need to be reformed and improved.

In terms of our definitions of quality – for a professional, community based local news organisation - we draw attention to two documents we developed:

- The *PS Charter of Community Responsibility
- The *PS Charter of Editorial Independence

These are included as Appendices in the attached report.

Part 2: Potential Measures

Tax Incentives and Grants

PS Media agrees with the need to strike a balance between providing support and maintaining the independence of the press. However, this should not be used to obscure the urgent need for support – as identified by many inquiries. A step change is needed if we are not to lose more public interest journalism.

We point to the sections of the attached report on our fundraising attempts for PS Media, starting on pg 9.

In particular, we point to the importance of the partnership we formed with SEFA Partnerships, which allowed donations to PS Media to be tax deductible to the donors. Without this, we would never have gotten off the ground. However, arriving at these arrangements was a significant burden on the founders.

We support reform to allow for DGR status for philanthropic donations to public interest journalism enterprises, and welcome the current Productivity Commission inquiry which we understand will include consideration of this possibility. However, philanthropy will likely only ever assist at the edges of the crisis in news availability.

In that context, we support tax based incentives for investment into public interest journalism – such as the scheme explored in the PIJI research previously referenced. Such a scheme, we believe, could be transformative.

As the discussion paper outlines, a key benefit of a tax incentive schemes is that once the scheme is legislated, implementation is a matter of administration, at arm's length from political influence.

Yet, at the same time, there is room for government to target incentives at particular areas – such as suburban, regional or national media, for example.

Tax based incentives are more likely than grants to encourage innovation and foster long-term sustainability.

Grants, as we have seen in numerous cases, are highly susceptible to perceptions of political influence.

If a tax incentive for investment in public interest journalism had applied during our fundraising phase, we believe we would have been able to attract much more investment. As well, the

considerable amount of money invested by us, the founders, would have been able to be increased had a tax incentive been available.

The combination of DGR status for philanthropic donations and a tax incentive for investments would likely have doubled the amount we raised – and that would have made an enormous amount of difference, with under capitalisation being our main problem, as identified in the report.

Finally, we would once again urge attention to the suburban and edge of urban. Several of the ad hoc grant schemes of previous years have concentrated on regional media, but the need is just as great or greater in the suburbs.

Fostering Media Diversity

In government grant schemes to date, there has been very little to support start-up enterprises such as PS Media. All the grant schemes have required media enterprises to be up and running to be eligible.

The one exception to this general pattern is the funding for capacity-building initiatives, such as the Local and Independent News Association (LINA), and the funding for Australian Associated Press.

Start-ups offer one of the main hopes for increasing media diversity. Any future grant schemes, or tax incentive schemes, should recognise this and be designed to encourage and support startup enterprises as a matter of priority.

PS Media wishes the Department well with its consultations. We would be happy to be contacted if we can be of further assistance.

Yours,

Margaret Simons, Simon Crerar, Karen Mahlab and Rob Wise.