

CAPITAL BRIEF

News Bargaining Incentive

Capital Brief response to consultation on revenue distribution scheme

Capital Brief welcomes the opportunity to comment on the proposed Statutory Payment Scheme for distributing any revenue collected through the News Bargaining Incentive (NBI).

Founded in 2023, *Capital Brief* is an independent, subscription-led news publisher focused on high-quality, original journalism. Our perspective is informed by *Capital Brief's* experience launching and growing a digital newsroom in an environment shaped by the News Media Bargaining Code (NMBC), but without the benefit of Code-related platform funding, together with our founders' deep operational experience in the country's largest news businesses.

We strongly support the policy intent of the NBI and the objective of ensuring that any revenue collected is directed back into the Australian news sector in a transparent, rules-based and proportionate way.

However, the proposed distribution model should be refined to ensure it supports genuine investment in journalism, encourages new market entry, and does not unintentionally penalise growing independent publishers.

Our response focuses on issues where *Capital Brief* can offer a distinct perspective, or where we consider that changes to the proposed model would better support the scheme's objectives.

Q5:

Use of FTEs as a proxy for investment in journalism

FTE journalist numbers are not an adequate approximation for investment in news and journalism.

Under the proposed scheme, a newsroom that invests in experienced journalists receives the same financial support per FTE as an organisation that employs less experienced reporters at minimum wage. This creates an incentive for organisations to optimise for the highest number of eligible FTEs at the lowest possible cost.

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For the sustainability of the broader Australian news ecosystem, that distinction matters. If the scheme rewards headcount without regard to journalistic experience or capability, there is a significant risk it will encourage organisations to further reduce their investment in experienced journalists — a cohort already substantially diminished by regular redundancy rounds across the industry over the past 15 years — resulting in lower-quality journalism.

Capital Brief recognises that a pure labour-cost approach risks a greater share of payments flowing to organisations with larger budgets. For that reason, we propose that the scheme distribute funding based on actual expenditure on journalists producing core news content, subject to a cap of \$150,000 per eligible journalist. This would better reflect and encourage real investment in journalism while preventing unusually high salaries or the scale advantages of large incumbent organisations from disproportionately increasing payment allocations.

A capped expenditure model would preserve the Department's objective of a simple, proportionate formula, while avoiding a perverse incentive to favour lower-cost headcount over journalistic quality. Similar capped labour-cost approaches have been adopted in other markets, including Canada, to support newsroom employment while limiting disproportionate benefits from very high salaries.

In addition, any capped expenditure model should be based on actual eligible expenditure incurred over the relevant funding year, rather than expenditure measured at a single point in time.

Timing of FTE assessment

If the scheme continues to use FTE journalists as the basis for allocation, we recommend that FTEs be calculated using an annual average over the relevant funding year, rather than the FTEs at time of application.

An average FTE measure would better reflect actual investment across the year and reduce the risk of penalising businesses that are supporting staff through extended parental or personal leave or experiencing staff turnover at the time of application. It would also be fairer to growing publishers that are investing in new editorial roles.

A point-in-time test may also create unintended incentives. Publishers should not be encouraged to rush into hiring decisions, delay appropriate leave or otherwise manage staffing around an application date rather than the long-term needs of the newsroom.

While these effects are likely immaterial for large publishers, they are particularly pronounced for businesses where a small number of roles can account for a significant proportion of eligible FTEs and therefore funding. An annual average measure would be

fairer, harder to game, and more consistent with the scheme's objective of supporting sustained investment in journalism.

Q8:

Capital Brief supports the use of weighting factors to improve the equity of the scheme and promote diversity in Australian news media. However, the proposed demographic and geographic categories do not fully capture media diversity.

Diversity is also advanced by new and emerging publishers that introduce competition, new editorial voices and new business models into markets historically dominated by a small number of incumbents. Supporting those entrants is critical to the sector's future sustainability, particularly after 15 years of structural pressure, corporate consolidation and newsroom contraction.

Proposed new category: Independent new and emerging news businesses

We recommend that the scheme include a specific weighting for new and emerging news businesses that meet the eligibility criteria, are independent of large media groups, and are investing materially in original public-interest journalism. The category should capture publishers established within the previous five years, as well as publishers still in a demonstrated growth phase after entering markets historically dominated by incumbent organisations.

The weighting would be consistent with the scheme's objective of supporting a more competitive, sustainable and pluralistic Australian news sector.

Proposed amendment: Small business weighting threshold

In addition, we recommend the small business weighting apply to organisations with annual revenues of less than \$50 million, matching the SME definition in the NBI. A \$10 million threshold is too low to capture publishers that remain materially disadvantaged by the economies of scale and resourcing available to larger organisations. Aligning the threshold with the NBI's SME definition would improve consistency across the policy framework and better support the weighting's purpose of counteracting anti-competitive risks.

Conclusion

Capital Brief supports the NBI's objective of ensuring that any revenue collected is returned to the Australian news sector through a transparent and proportionate statutory scheme.

To achieve that objective, the distribution model should reward genuine investment in journalism, support new market entry, and avoid unintended incentives that favour lower-cost headcount or penalise growing publishers. We recommend that the scheme

adopt a capped expenditure model, or at minimum calculate FTEs using an annual average rather than at a single point in time.

The model should also recognise independent new and emerging publishers as an important source of media diversity, competition and plurality, and align the small business weighting threshold with the NBI's SME definition.

These changes would better ensure that the scheme supports sustained investment in high-quality journalism and contributes to a more competitive, diverse and sustainable Australian news sector.

We welcome the opportunity to engage further as the proposed scheme is finalised.