



News Media Assistance Program

Submission

February 2024

“Research suggests government policies and advertising spending is the single most influential factor in providing baseline surety to the long-term sustainability of small, independently owned news outlets in rural, regional and suburban Australia”.

Source: Deakin University, Media innovation and the civic future of Australia's country press final report 2023

Local newspapers, serving as pillars of democratic infrastructure, contribute not just by reporting news but by holding local authorities accountable, addressing community concerns, and championing initiatives that lead to positive change. In this context, government support is imperative.

**Peter Kennedy, VCPA Executive Officer
Melbourne Secretariat**



Foreword

The Victorian Country Press Association represents more than 100 newspapers across the state, located in regional, rural and outer urban areas.

The VCPA is a member of Country Press Australia (CPA), the association that represents the interests of more than 230 newspapers across the nation.

We are grateful for the opportunity to be part of the News Media Assistance Program (News MAP) consultation process, and we do so in the hope that the much-needed assistance package, our industry needs can be achieved as quickly as possible.

The need for government intervention is urgent, with publishers experiencing particularly challenging trading conditions whereby the combination of increased printing, energy, fuel and wage costs, accompanied by a dramatic decline in Federal Government advertising spend has had a significant impact on the industry, and on the ability of our members to continue to produce hyperlocal, place-based journalism for the communities they are part of.

The VCPA supports the four major initiatives of Country Press Australia which we believe have the capacity to arrest the decline in the industry and to provide a foundation for the news industry's future in regional and rural communities.

Those measures include:

1. A full page of Federal Government advertising/public messaging in every regional and local newspaper every week in line with the Victorian Government model.
2. A refundable tax credit of 35% of eligible newsroom employee costs for publishers of regional and local public interest journalism up to a salary cap of \$85,000 per eligible newsroom employee per annum in line with the Canadian model.
3. An annual grant of 35% of journalism costs for publishers of regional and local public interest journalism.
4. Supplementary funding to be implemented with any of the above mechanisms – funding 70% of first year wages for 100 cadet journalists per year employed in regional and local newspapers.

As a key industry body, VCPA would also support efforts to establish more meaningful and regular engagement with government and department officials, in line with the February 20, 2024 News MAP consultation session held in Canberra which we participated in.

We also believe there needs to be a structure put in place where publishers can engage directly and provide constant feedback, exchange ideas, and collaborate with government to better sustain the news industry, especially in regional, rural, remote and local communities.

We point to previous renditions by government to arrive at solutions to better sustain the news industry and remain frustrated at the lack of meaningful progress.

In 2022, a House of Representatives Communications committee provided small, independent newspapers, many of them among the approximately 230 mastheads represented by CPA, the opportunity to be seen and heard as part of *The Future of Regional Newspapers in a Digital World* inquiry.

That inquiry resulted in 12 recommendations that were seen as an important starting point to address the ongoing viability of regional newspapers.

At the time, then-Committee head and Mallee MHR, Dr Anne Webster said smaller independent newspapers who contributed to the Committee's better understanding of the issues faced by regional publishers... 'have every right to feel abandoned by successive governments who trumpet an empty recommendation while the businesses who provided submissions to the Committee continue on their downward spiral'.

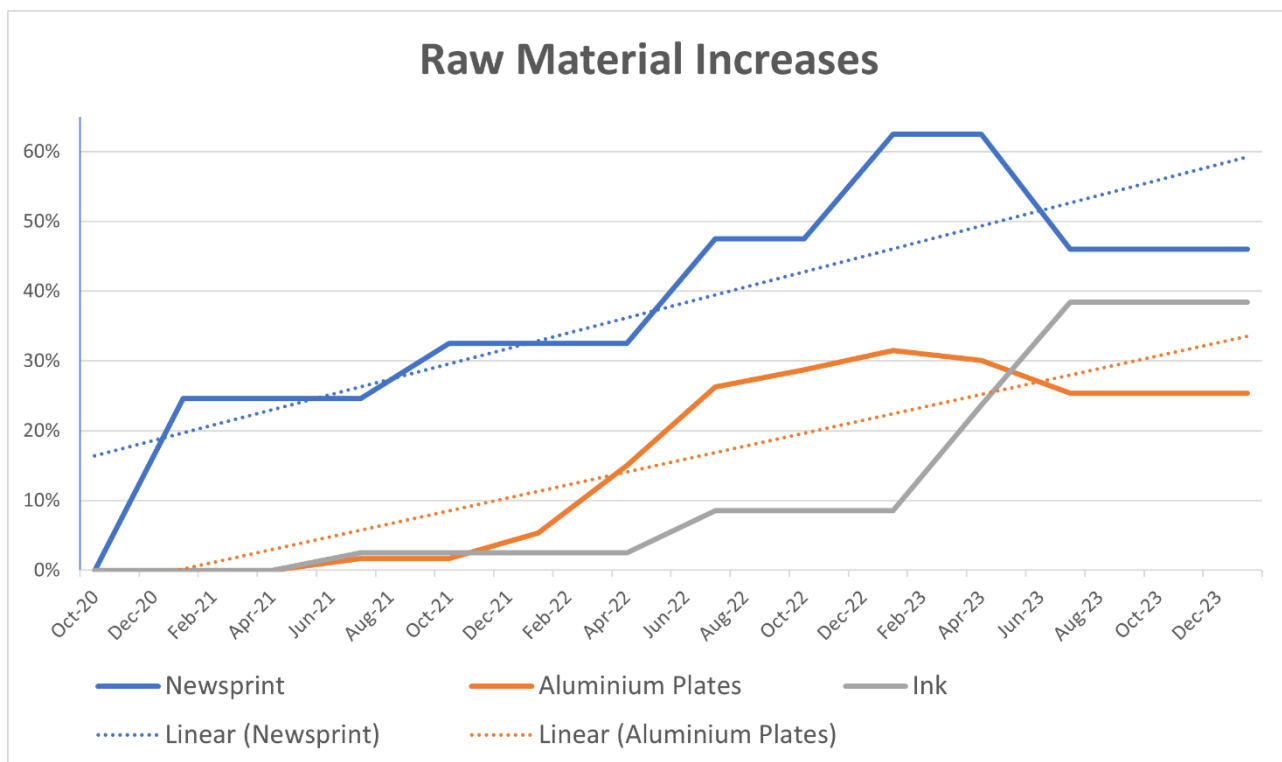
Similarly, recommendation 7, section 3.116 of the Committee's final report stated:

*"The Committee considers that the Australian Government should develop a targeted grants program for small, independent newspapers based in regional and remote Australian communities. In particular, the grants program should prioritise those newspapers that maintain local offices and employ local journalists and should give consideration for supporting new independent newspapers."*¹

This worthy initiative is also yet to be implemented, like many of the 12 recommendations contained in the final report.

Publishers continue to operate in an environment dominated by massive cost pressures that have quickly eroded the short-term benefit derived from previous federal government grants.

¹ House of Representatives Standing Committee on Communications and the Arts (2022), *The Future of Regional Newspapers in a Digital World*, P.70



The above graph supplied by Victorian-based McPherson Media Group, one of the largest printing firms in regional Australia, highlights the shift in costs for essential materials from October 2020, including an overall 46 per cent increase in newsprint, a 39 per cent increase in ink prices and a 25 per cent lift in plates.

The Victorian Government's support for regional and rural papers is underpinned by its understanding of the role our papers play in the communities we serve.

Regional, rural, remote and local news publishers are an essential part of the democratic infrastructure, a concept that has been repeatedly reiterated by politicians on all sides of parliament, during meetings VCPA has been part of throughout the past 12 months.

The benefits of the Victorian Government's support are many, and the certainty of funding that comes from such an arrangement has given publishers clarity about the way they operate, as described by Maryborough Advertiser publisher Mike Rossi below:

MARYBOROUGH REGIONAL NEWSPAPERS PTY. LTD.
(Incorporated in Victoria)
Trading as . . .

The Maryborough District
Advertiser Est. 1855

ABN 56006204584

Monday, February 12, 2024

Peter Kennedy
Executive Officer
Country Press Australia

Dear Peter,

I am writing to you to reinforce the benefits we have experienced from the Victorian government's advertising commitment to Victoria's regional mastheads.

The weekly full page advertisement has allowed us to invest in local journalism by employing an additional journalist plus a freelance writer.

The result has been an increase in editorial content which has helped our important task in maintaining the social wellbeing of our community.

Because of our extra writing capacity, the newspaper has also increased its sporting coverage on both social and digital media sites along with the printed version.


The government support has also contributed to *The Maryborough District Advertiser's* long-term financial viability and the added content and coverage has driven our circulation higher.

I had the opportunity recently to thank Daniel Andrews for his government's regional newspaper commitment and explained that this support had saved between 30 to 40 mastheads from closing.

His response? "once a newspaper closes it very rarely ever opens again" is worth noting.

In closing I would like to thank you Peter in allowing me to share my thoughts.

Yours sincerely



Mike Rossi
Publisher

Announcing the commitment prior to the November 2022 Victorian election, former Premier Daniel Andrews explained why his party would continue to support regional and rural papers across the state:

*“We know regional newspapers are the lifeblood of country communities, giving a voice to important local issues and delivering news that is dedicated to serving local communities. But with growing costs of paper and production, it’s becoming harder and harder for news outlets to keep up.”*²

Weekly advertising provides not only offer financial stability but also enhances the visibility and reach of these newspapers, ensuring their continued presence as vital information sources and the availability of hyperlocal news that matters most, where it matters most.

VCPA’s own analysis of newspaper closures and/or suspensions for the past several years shows us that Victorian publishers have fared far better than their interstate colleagues, a circumstance directly attributable to the Victorian Government’s commitment and support of local and regional newspapers.

Data from the Public Interest Journalism Institute (PIJI) shows that there was a net contraction of 64 newspapers in NSW in the period between January 1, 2019 – 31 March 2023, while In Queensland the number of publications slumped by 47. In Victoria, the net contraction was just 12 mastheads.³

Significantly, both the government and publishers accept and expect that the support provided does not in any way buy favour or influence news coverage, nor is an attempt to do so. It is merely a reflection of the important role the local paper performs in the community it serves and the government’s recognition of the role played by regional and local papers.

The multifaceted role of local newspapers.

“Rural and regional audiences view their local newspaper as an ‘essential service’”

– Professor Kristy Hess, Deakin University

Advocate for local issues

Highlight issues that directly impact regional communities, ensuring that important stories are not overlooked or overshadowed.

Empower and amplify local voices

Allowing regional community members to share their stories, concerns, and achievements with a wider audience.

Connect communities

Strengthen community cohesion, serve as a unifying force, encouraging community participation and fostering a sense of belonging among residents.

Support local businesses and economies

A valuable platform for local businesses to promote their products and services, contributing to the economic growth and sustainability of the local community.

Hold power accountable

Investigative and reporting regional media outlets play a crucial role in ensuring transparency and fostering good governance at the local level. Vital to democratic and civic health.

Deakin University, Media Innovation and the civic future of Australia’s country press, 2023

² Former Premier Daniel Andrews, Victorian ALP media release 11/11/2022 <https://www.danandrews.com.au/news/backing-regional-news-in-regional-communities>

³ PIJI, Australian News Data Report, March 2023

Quality in Regional and Local News

Ensuring the quality of regional and local news is paramount in maintaining public trust and delivering accurate information to communities. The levels of trust sought by readers has never been more critical in an era where trust is being so undermined, and local newspapers, with their rigorous adherence to editorial standards, become bastions of reliable and balanced reporting.

Quality in news and trust in news go hand in hand, and the commitment to professional journalism is especially significant when contrasted with the challenges faced by online platforms that often succumb to sensationalism or present unverified information and fake news or deep fake images and articles, effectively undermining the public's confidence in local news.

The local paper has a filter in place to protect the integrity of local news through the adherence to editorial standards and the work done by senior newsroom leaders. The objective of quality in regional and local news aligns with the broader goal of nurturing a robust democratic society.

Local newspapers, serving as pillars of democratic infrastructure, contribute not just by reporting news but by holding local authorities accountable, addressing community concerns, and championing initiatives that lead to positive change. In this context, government support becomes imperative.

In the ever-emerging age of AI and the associated threats to truth, facts and reality, the local paper is a refuge offering sound judgment, editorial expertise, independence and editing where digital platforms may not.

Across regional, rural and remote Australia, local papers produce place-based journalism in areas where no other media outlet can, and whilst radio and television may have a footprint across many areas, these providers are largely unable to provide the same extent of hyperlocal public interest journalism that a local paper can and does.

Deakin University Academic Kristy Hess refers to it as the Goldilocks Zone. An emphasis on 'place-based reporting' is important because it shifts focus away from a reliance on digital metrics that recognise and favour the stretching of geographic 'reach' over information quality for niche audiences. Local television licensing arrangements, for example, include 'local' geographic areas that can stretch over 800km in diameter, while government advertising agencies also appear to preference news outlets with wide online audiences. This focus on strong digital reach (i.e. the ability to reach a larger audience online and across geographies) can encourage practices such as generating news that produces 'click bait' that may not be in the interests of democratic reporting and probably of little value to small-town news audiences.

Our research suggests there are 'goldilocks' zones in which a small news outlet can feasibly serve audiences with place-based public interest journalism. These news zones tend to cover areas between a 50 -100 km radius. Most importantly, such zones highlight towns and districts, which are on the periphery of a local news outlet's geographic reach, and which may be more susceptible to receiving poor quality news coverage and may risk becoming news gaps.⁴

⁴ Hess, K et al, (2023). Media innovation and the civic future of Australia's country press, p11

Media Diversity in Regional and Local News

Media diversity in regional and local news is not only a goal but an imperative for a thriving democracy. Regional and local newspapers reflect the rich tapestry of voices within communities, ensuring that a broad spectrum of perspectives is considered. Under this scenario, diverse ownership structures, especially independent, become essential in preventing the dominance of a single narrative.

There are approximately 100 mastheads included in the VCPA membership and these publications are owned by more than 35 different organisations and/or individuals. This submission speaks on behalf of that cohort.

Many of our members operate newspaper businesses in local government areas where low and/or declining populations would most likely mean no one else would step into the void should the current local media provider cease operations.

Media diversity and place-based journalism go hand-in-hand and one cannot exist without the other. VCPA members live and work in the communities they serve and are heavily invested in the future of where they live. Government support in the form of financial incentives is crucial in both promoting and sustaining that media diversity, especially in an industry that is considered one of the most concentrated in the developed world.

Advertising guarantees, wherein the government commits to a minimum level of weekly advertising in regional and local newspapers, not only ensures financial stability but also fosters a media landscape that represents a wide array of voices.

Tax credits (detailed elsewhere within this submission) for regional and local news organisations become an additional lever for incentivising investment and sustainability along with a strong cadetship program which mirrors or includes the apprenticeship program.

Both these levers are included in the 12 recommendations from the 2022 *The Future of Regional Newspapers in a Digital World* inquiry. As of today, neither has been implemented.

Engagement in Regional and Local News

Australia's regional and community newspapers are generally very much local in their emphasis. They cover mostly, or entirely, local news they promote and advocate for the interests of their region, and they foster a close relationship with their readers.

They are not only a valuable source of local news and information for their readership, but also help to connect people within their circulation area and reinforce community identity. This means they are ideally positioned to contribute to social capital, the connections among individuals - social networks and the norms of reciprocity and trustworthiness that arise from them⁵

Social capital can be seen as having three basic components: a network, a cluster of norms, values and expectations and sanctions that help to maintain the norms and network (Halpern, 2005), and newspapers can contribute to social capital by facilitating local debate and discussion, and reflecting to communities through the news stories they cover, local norms, values, expectations and sanctions.⁶

Engagement in regional and local news goes beyond passive consumption; it involves critical thinking and active participation in the democratic process, a challenge that becomes far greater in the digital era that is so open to exploitation. Governments can support this objective by investing in educational programs focused on regional and local news, ensuring people living in these areas are equipped with the skills to navigate and contribute to local discourse.

It's important to note that this discourse necessarily differs from one community to the next and from one regional and local newspaper to the next. This is not only a reflection of how local the news is in these communities, but also the diversity in both the news and in ownership.

Engagement cannot happen without trust, and in regional and rural communities, people are more likely to engage with journalists they know, with newspapers that they have grown accustomed to and with organisations who are invested in and are part of the community.

Journalists working in 'local' environments are expected to hold people in power to account, to help residents engage in democratic processes, to provide them with a voice and a legitimate platform to advocate for community change.⁷

A well-resourced local news outlet is also expected to act as a social connector, or the 'social glue'⁸ that helps people connect with one another and the places where they live and work.

Journalists and editors play the role of cultural ambassador or civic custodian, helping to construct a community's identity by highlighting its traditions and distinct geographies.

Further, local news outlets are acknowledged for serving as community recordkeeper, and for creating and collating a valuable archive of historic material that documents everyday activities of people in their communities.⁹

⁵ (Putnam, 2000). Bowling Alone, the Collapse and revival of American Community.

⁶ Bowd, K. (2011). Reflecting regional life: Localness and social capital in Australian country newspapers. *Pacific Journalism Review*, 17(2), 72–91.

⁷ Williams et al., 2015; Schultz, 1998; Firmstone & Coleman, 2014

⁸ Olsen, 2021, p. 814; Hess, 2015; Fisher et al., 2021

⁹ Hess, K et al, (2023). Media innovation and the civic future of Australia's country press, p9

Platforms that encourage dialogue and discussion at the local level are crucial for fostering this important engagement. Local newspapers, with their focus on community issues and their role as unifying forces, naturally become hubs for civic participation. Government and industry collaboration can lead to initiatives that enhance media literacy and create opportunities for dialogue within specific communities.

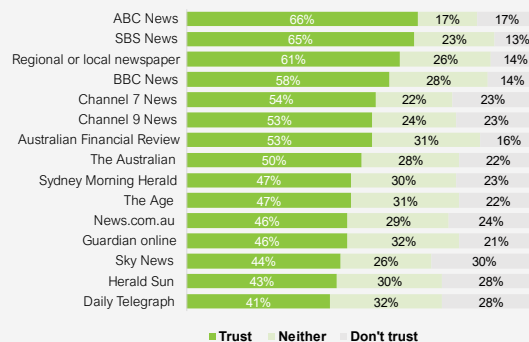
And trust matters.

Trust in content increases trust in advertising– 1 in 2 Australians agree.

And local newspapers are among the top 2 commercially available media sources in Australia.

This trust creates a contextually relevant, influential and brand safe environment for advertisers looking to connect with regional Australia.

While trust in mass and mainstream news is falling – trust in regional and local newspapers remains high.



Source: NewsMediaWorks 2019 Ad Trust Study; CHART: Digital News Report: Australia 2022

Local is a slippery concept that has cultural meaning depending on one's place in the world or connection to a geographic place or locale.

Defining 'local' can be tricky for policymakers when determining how to adequately assess whether a news outlet is providing quality and reliable news to its community.

Any future investigations into media diversity and policies for 'local' news should recognise the importance of place-based public interest journalism in rural and regional areas as a first-tier level of local reporting.

This involves encouraging news providers to more clearly outline their geographic territory – the area in which they provide a reliable form of public record and quality source of regular civic, social and political information.¹⁰

As part of the landmark Australian Research Council funded Media innovation and the civic future of Australia's Country Press report published in March 2023, several surveys of newspaper readers were conducted:

Of the 4198 rural, regional and suburban local news readers who responded to the first survey, 61% were female and 38% male (1% preferred not to say).

¹⁰ (see Magasic, Hess & Freeman, 2023) Hess, K et al, (2023). Media innovation and the civic future of Australia's country press, p11

The mean age of survey respondents across Australia was 60-61 years (standard deviation 14.2), with 79% being born in Australia. Of those born in Australia, 1% identified as Aboriginal or Torres Strait Islander.

Key findings from this survey included:

- There is continued strong demand (and passion) for the printed product in rural and regional Australia,
- 94% of respondents say they should be invited to have a say about government policies and decisions affecting the future of local newspapers.
- Audiences indicate they are five times as likely to go directly to a local news website for their local news than Google or Facebook, and almost 10 times as likely to go to the local newspaper website over a local council website for their local news and information.
- Surprisingly, just 5% of younger audiences say they mostly use social media to find out about local news.

Overall, the report found just how passionate local news audiences are about their local news providers.

There is a strong view that people who read and engage with this news should be consulted and involved in ideas and solutions to support its future.

Other findings suggest that local audiences are loyal and develop life-long patterns of engaging with local news outlets in areas where they live and work or have a sense of connection.

In analysing the responses to digital news engagement, survey participants indicated that in the big wide world of the web, the local newspaper stands out as a beacon for local news, and they would go searching for their local masthead online as the first hub for such information.

This is a significant finding, given there has been much focus on the role of the likes of Facebook as a central point for digital news and information, and the Federal Government's introduction of a mandatory bargaining code that forces tech giants, such as Meta and Google, to pay news producers for content that appears on their platforms.¹¹

For example, many local news proprietors have indicated they are dependent on Facebook for traffic.

However, the report's findings suggest a need for further examination of these audience practices. And if government funds are to be directed towards supporting local news providers, there is also an expectation among audiences that news outlets themselves are monitored for their accountability to communities.¹²

¹¹ Australian Communication and Media Authority, 2021.

¹² Hess, K et al, (2023). Media innovation and the civic future of Australia's country press, p26

Part 2

Potential Measures

Direct funding to support the production of public interest journalism.

Government funding, incentives and other measures to support the production of public interest journalism are essential at this time when the traditional news media business model of advertising and cover price revenue fails to adequately meet the cost of producing and distributing vital public interest journalism in regional and local newspapers.

Technological changes have irreparably damaged print advertising revenue streams which is by far the most significant source of funding for public interest journalism in regional and local newspapers.

In a significant number of markets served by VCPA member mastheads there is no alternate source of local public interest journalism and so the competitive impact of government intervention is largely non-existent.

Editorial independence is not impacted by government intervention. VCPA member mastheads employ professional journalists who are bound by the standards set and regulatory processes of The Australian Press Council. Many journalists employed by VCPA mastheads are also members of the Media, Entertainment and Arts Alliance (MEAA).

The MEAA website states “respect for truth and the public’s right to information are fundamental principles of journalism. Journalists search, disclose, record, question, entertain, comment and remember. They inform citizens and animate democracy. They scrutinise power, but also exercise it, and should be responsible and accountable. MEAA members engaged in journalism commit themselves to honesty, fairness, independence and respect for the rights of others”.

Under its code of ethics, the MEAA specifically outlines this standard, among others ... “not allow advertising or other commercial considerations to undermine accuracy, fairness or independence”.¹³

Regional and local newspapers providing local public interest journalism need to be the target of support as they do not have the same market power or economies of scale held by their city-based counterparts. These independently owned newspapers require support to sustain their production of local public interest journalism.

Long-term funding commitments need to be made to allow newspapers to make investments in resources and to provide financial stability to newspapers. VCPA members are commercial news providers so some of the cost of public interest journalism is offset by advertising and subscriptions.

Innovation and pursuing new revenue streams have been the focus of many of the government grants in recent years but it has often been without consideration for sustainability. Most VCPA member mastheads still largely rely on print advertising and where applicable, subscription revenue to fund the production of public interest journalism.

¹³ Source: meaa.org

Other revenue streams such as digital advertising revenue are growing, but at this stage it is hard to see them sustaining the production of quality public interest journalism.

Expertise, cost, technological challenges and increased competition remain significant barriers in regional and local newspapers adopting innovative business models. Consideration needs to be given more to sustainability rather than innovation. Regional and local newspapers, adapting to the digital age, can play a pioneering role in exploring new revenue streams and delivery methods but governments must assist with support to ensure sustainability for the ongoing provision of quality local public interest journalism.

Government and industry collaboration can ensure that the evolving needs of the regional and local news landscape are met through the development of innovative and sustainable business models.

With the business model of newspapers, the major and often sole providers of public interest journalism in regional and outer-suburban communities, under threat, so too is the future of the public interest journalism they produce. “One of the consequences of the public good nature of public interest journalism is that there is a risk it will be underprovided in the market and that targeted government assistance may be necessary to support forms of public interest journalism that are at risk of under-provision”.¹⁴

The benefits of public interest journalism are wide-reaching and rural and regional audiences view their local newspaper as an essential service.

“Rural and regional audiences view their local newspaper as an essential service and quality, respected local news is essential to the democratic health and social fabric of communities”.¹⁵

“Journalism provides benefits to individuals who consume it by improving their knowledge and understanding of issues and events that affect them. However, the benefits of journalism are not confined to these individuals. Journalism provides broader benefits to society including to individuals who do not consume it”.¹⁶

¹⁴ Source: ACCC Digital Platforms Inquiry Final Report

¹⁵ Source: Deakin University, Media innovation and the civic future of Australia's country press final report 2023

¹⁶ Source: ACCC Digital Platforms Inquiry Final Report

VCPA Recommendations

A government advertising/public messaging commitment, a tax-based incentive and funding to support journalism cadetships are crucial mechanisms for supporting public interest journalism.

Specifically, and in order of importance, VCPA is seeking the following support –

1. A full page of Federal Government advertising/public messaging in every regional and local newspaper every week in line with the Victorian Government model.
2. A refundable tax credit of 35% of eligible newsroom employee costs for publishers of regional and local public interest journalism up to a salary cap of \$85,000 per eligible newsroom employee per annum in line with the Canadian model.
3. An annual grant of 35% of journalism costs for publishers of regional and local public interest journalism.
4. Supplementary funding to be implemented with any of the above mechanisms – funding 70% of first year wages for 100 cadet journalists per year employed in regional and local newspapers.

Advertising/Public Messaging

Federal Government advertising is at an all-time low right now, and right now is when the industry needs support. Advertising from all sources has been impacted by technological changes but VCPA member mastheads continue to support their communities with quality local public interest journalism with heavily decreased margins which are unsustainable and will lead to further masthead closures.

Federal Government advertising in regional and local newspapers must recommence to provide long-term sustainability to the industry.

VCPA is seeking a commitment that sees a full page of Federal Government advertising/public messaging in every regional and local newspaper every week to provide certainty and long-term sustainability to regional and local newspapers. Deakin University's research back this up.

“Our research suggests government policies and advertising spending is the single most influential factor in providing baseline surety to the long-term sustainability of small, independently owned news outlets in rural, regional and suburban Australia”¹⁷

The provision of support in the form of a weekly full-page of Federal Government advertising/public messaging to regional and local newspapers is not just a matter of being the most equitable financial aid, it is the most effective way for the government to reach the population with vital government information.

¹⁷ Source: Deakin University, Media innovation and the civic future of Australia's country press final report 2023

Advertising/public messaging is viewed by the industry as the most valuable form of support. The dollar value of this advertising/public messaging is known to publishers and investments in journalism can be made knowing a baseline of advertising revenue is guaranteed.

While minority-focused news outlets often cater to specific demographics, local newspapers have a broad and enduring reach. They cater to the entire community, providing a shared space for diverse voices and perspectives.

By ensuring the financial sustainability of local newspapers through weekly advertising/public messaging support, the government is investing in the long-term vitality of democratic processes at the grassroots level.

Regional newspapers foster a unique connection with their communities, reflecting local values, traditions, and concerns and are often the only local news providers in their patch.

Weekly advertising/public messaging support strengthens this connection, ensuring that local newspapers can continue to be the voice of the community, something critical for democratic health.

In regional and outer suburban areas, the absence of local newspapers could result in a significant information void. Unlike ethnic news or other minority-focused media, local newspapers serve a broad audience, and the lack of a sustainable alternative would leave communities without a reliable source of comprehensive local news. Weekly advertising/public messaging support becomes a strategic move to prevent such information voids.

Sustainable local public interest journalism is about ensuring that every citizen, regardless of background, has access to sustainable, reliable and professionally produced public interest journalism that is crucial for civic participation and democratic decision-making.

Providing weekly advertising/public messaging support to regional and local newspapers is not just about financial assistance; it is a strategic investment in the democratic infrastructure of regional communities.

As previously discussed, the advertising/public messaging model currently in place in Victoria works extremely well. In announcing an extension to the full-page advertising commitment in Victoria just prior to the November 2022 election, then Victorian premier Daniel Andrews said *“a re-elected Andrews Labor Government will strengthen and protect the future of regional media, with guaranteed advertising revenue for regional newspapers in every corner of our state.*

“We know regional newspapers are the lifeblood of country communities, giving a voice to important local issues and delivering news that is dedicated to serving local communities. But with growing costs of paper and production, it’s becoming harder and harder for news outlets to keep up.

“That’s why a re-elected Labor Government will guarantee one full page of Victorian Government advertising in every regional newspaper per week. Labor is doing what matters – backing regional journalists and their newspapers to keep serving their communities”¹⁸

¹⁸ Source: Media release from the Hon. Daniel Andrews MP, Premier of Victoria, November 11 2022.

A Victorian Government advertising commitment has been in place since early 2020 and the result is stark. Newspaper mastheads contractions and closures are significantly slower in Victoria versus New South Wales and Queensland. “Where New South Wales and Queensland recorded a net loss of 64 and 47 newspaper contractions respectively for the period from 1 January 2019 to 31 March 2023 – Victoria recorded just 12 for the same period”.¹⁹

Further, Victorian publishers were also subject to the harshest lockdowns in Australia during this period which added to the already challenging trading conditions making these results more impressive. These results in Victoria are evidence the advertising/public messaging commitment sustains regional and local newspapers.

The House of Representatives Standing Committee on Communications and the Arts report on The Future of Regional Newspapers in a Digital World - Inquiry into Australia's regional newspapers, came to a recommendation that, in our view does not go far enough but does highlight the need for an advertising commitment from the Federal Government.

“The Committee recommends the Australian Government review government advertising expenditure across all departments and agencies with a view to ensuring a minimum of 20 per cent of government print advertising is placed in regional newspapers. This should be part of long-term advertising contracts that provide certainty of income for regional publications”.²⁰

The 20 per cent of government print advertising into regional newspapers does not provide publishers with certainty of income and, as such, does nothing to encourage investment in additional public interest journalism.

Under this recommendation the quantum of revenue provided to regional publishers is a function of the total print advertising pool which fluctuates. This is not a guarantee in our view.

We do support the second part of this recommendation which highlights the need for long-term advertising contracts that provide certainty of income for regional publications. A full-page advertising commitment provides the certainty regional and local publishers need to continue to provide the essential public interest journalism to their communities.

Tax Credit

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 for regional and local newspapers encourages investment in local public interest journalism and provides for a more sustainable business model. This mechanism is viewed by VCPA as the second most valuable form of support.

A tax credit for journalism directly contributes to the sustainability of regional and local newspapers, which are the lifeblood of informed communities. Unlike broader tax incentives, a targeted approach ensures the core institutions responsible for delivering local news

¹⁹ Source: PIJI, Australian News Data Report quarterly issue – March 202

²⁰ Source: The House of Representatives Standing Committee on Communications and the Arts report on The Future of Regional Newspapers in a Digital World - Inquiry into Australia's Regional Newspapers 2023.

receive the support needed to maintain their pivotal role in keeping citizens informed about issues that directly impact their lives.

Quality journalism requires skilled professionals committed to investigative reporting, fact-checking and ethical standards. A tax credit becomes a powerful incentive for regional and local newspapers to invest in employing professional journalists, ensuring that the news delivered is not only accurate but also well-researched and balanced. This, in turn, enhances the credibility and reliability of local news sources.

The ripple effect of a journalism tax credit extends to the employment landscape. Local and regional newspapers, buoyed by financial incentives, are more likely to hire local journalists, photographers, editors, and support staff.

This not only bolsters the local job market but also creates a pool of professionals dedicated to understanding and representing the nuances of their communities.

Local and regional newspapers are the largest employers of regional, rural and outer suburban journalists in Australia.

They provide essential place-based journalism. Whilst broadcasters often provide “local” news from centralised regions, often located in other states, newspapers hire journalists who live and work in the regions they report on.

Investigative journalism is the bedrock of a healthy democracy, uncovering hidden truths, holding authorities accountable, and championing the public interest.

With a tax credit in place, regional and local newspapers can allocate resources to sustained investigative reporting, unearthing stories that might otherwise remain buried. This kind of in-depth reporting enriches community discourse and strengthens the foundations of democratic governance.

Regional and local newspapers are more than just news providers; they are community connectors. By incentivising professional journalism through a tax credit mechanism, governments actively encourage newspapers to engage with their communities, giving residents a platform to voice concerns, celebrate achievements, and actively participate in the democratic process.

A journalism tax credit promotes diversity not just in newsroom staffing but also in coverage. Newspapers, incentivised to invest in comprehensive reporting, can ensure a more nuanced representation of the diverse voices within their communities.

This inclusivity fosters a sense of belonging, as community members see their stories reflected in the local news.

A diverse media landscape is essential for a thriving democracy. A journalism tax credit encourages the presence of multiple voices, preventing media concentration and ensuring a plurality of perspectives.

This diversity is particularly crucial in regional and local contexts, where one-size-fits-all narratives often fall short in capturing the richness of community experiences.

Beyond reporting current events, local newspapers play a pivotal role in civic education. A tax credit empowers newspapers to invest in educational content, helping communities better understand local governance, civic processes, and their role in shaping the community's future. This contributes to a more informed and engaged community.

Many regional and local areas suffer from information gaps left by national and international news outlets. A journalism tax credit empowers local newspapers to bridge these gaps, shedding light on issues that might not gain attention at broader levels but are of immense significance to the local population.

A tax rebate for journalism is more than a fiscal incentive; it's a strategic investment in the vitality of democracy at the grassroots level.

The Canadian journalism labour tax credit is the best working example of tax incentive-based funding and the model we are requesting be replicated in Australia for regional and local newspapers.

The Canadian journalism labour tax credit is a refundable tax credit that is available to an organisation that is a corporation, a trust, or a partnership.

The credit is calculated by applying a rate of 35% to the total qualifying labour expenditure incurred for a period in the tax year beginning on or after January 1, 2019, in respect of each eligible newsroom employee of a qualifying journalism organisation.

It should be noted in the Canadian example, this tax credit is refundable and is not a rebate, so if the tax credit exceeds the amount of tax owed for a given period the result for the taxpaying entity would be a tax refund.

Research was commissioned by PIJI and conducted by The Centre for International Economics into tax incentive-based funding for providers of public interest journalism. The research concluded “a tax incentive scheme for public interest journalism is worth serious consideration, with a number of clear avenues for further investigation”.

The research also highlighted that a 25% tax rebate could deliver up to \$356M in public benefit at a cost of \$188M. The estimated cost benefit ratio is up to 1.91 so the benefits outweigh the cost by nearly double.

“The public good nature of public interest journalism, along with associated positive spillover effects suggests that some form of government funding is appropriate to encourage additional public interest journalism”.²¹

A 2018 Senate report noted the importance of tax incentive-based funding for providers of public interest journalism “There was a great deal of support in evidence for the Commonwealth to consider offering tax concessions to media companies employing journalists, as a cost-effective, targeted means of encouraging a reinvigorated public interest journalism sector”.²²

²¹ Source: The Centre for International Economics – Tax Concessions for Public Interest Journalism – Examining the case for tax incentive-based funding – November 2019

²² Source: The Senate Select Committee on the Future of Public Interest Journalism, Report. February 2018

Support for tax credits has been around for some time.

“Tax credits or other indirect subsidy schemes that directly reduce the marginal cost of investing in journalism are the most efficient scheme to increase the quality and quantity of journalism and stimulate investigative journalism.

Tax credit schemes are widely used in OECD countries to promote R&D investments, but not much used as a media policy instrument. We believe they deserve far more attention from both academics and policy makers who reflect on how to secure high quality journalism when the traditional business model of the media industry is eroded by the internet and more or less free distribution of news”.²³

An increase in journalistic resources would be spent on public interest journalism and not on peripheral reporting or journalistic administration. Recent research published by PIJI backs this up.

“All of our respondents said that any increase in journalistic resources would be spent not on lifestyle or entertainment journalism, nor on editing or promotion, but on increasing the breath and depth of public interest journalism — both journal of record functions and also investigative work. Together, this provides a strong qualitative impression that additionality of public interest journalism in response to any tax incentives is likely to be relatively high, particularly for smaller local or regional outlets”.²⁴

VCPA supports the tax credit modelling work currently being undertaken by PIJI and The Centre for International Economics.

This work, we understand, seeks to analyse the total population’s willingness to pay for public interest journalism, the cost of such a credit for government and the expected benefit to the population in terms of increased public interest journalism.

We understand the results of this work won’t be available till after the date of this submission.

PIJI’s submission to The Treasury titled *Review of the News Media and Digital Platforms Bargaining Code* in May 2022 concluded “The introduction of a public interest journalism tax rebate alongside the Code would provide a simple policy solution to deliver transparent, public benefit.

In essence, a focussed rebate would:

- incentivise direct investment in public interest journalism, thereby helping to sustain this public good across Australian communities including areas that may otherwise be financially unviable
- provide direct, measurable public benefit
- require news businesses to publicly report on outcomes through the ATO
- be applicable for all news businesses, including eligible news businesses not covered by ‘deals’

²³ Source: Hans Kind and Jarle Moen 2014 Effects of taxes and subsidies on media services Discussion Paper, Norwegian School of Economics

²⁴ Source: The Centre for International Economics – Tax Concessions for Public Interest Journalism – Examining the case for tax incentive-based funding – November 2019

The submission recommended “The Government considers a R&D-style tax rebate as a complement to the Code to strengthen sustainable investment in public interest journalism and create transparent, public benefit”.²⁵

VCPA recommends the implementation of a refundable tax credit of 35% of eligible newsroom employee costs for publishers of regional and local public interest journalism up to a salary cap of \$85,000 per eligible newsroom employee per annum.

Our recommendation is identical to the mechanism supporting public interest journalism in Canada.

Grant funding

An annual grant of 35% of journalism costs for publishers of regional and local public interest journalism would encourage the employment of journalists and sustain the level of regional and local public interest journalism being produced.

Journalism costs are the most equitable basis for awarding grants to publishers of regional and local public interest journalism. This is because it is the journalists who generate the vital public interest journalism in their communities.

The House of Representatives Standing Committee on Communications and the Arts report on *The Future of Regional Newspapers in a Digital World - Inquiry into Australia's Regional Newspapers 2023* recommended a grants program be implemented to support the industry. To date these recommendations (8 and 9) have not been implemented.

Recommendation 8

The Committee recommends that the Australian Government develop a targeted grants program aimed at small, independent newspapers based in regional and remote Australian communities.

Recommendation 9

The Committee recommends that the Australian Government provides funding for research programs and initiatives to assist local publishers, including regional newspapers to:

- identify and implement alternative, sustainable business models, achieved through a diverse range of revenue streams that might include advertising, audience generated income, services and e-commerce.
- increase capabilities required to perform the governance, administrative and editorial functions of the news organisation;
- implement effective technology to reach their target audience and monetise outputs.

Previous grants have focussed on innovation but future grants need to be targeted at sustainability. Regional and local newspapers, including those providing public interest journalism in outer suburban areas, need to be supported by sustainability grants so they can continue to support their communities.

²⁵ Source: Review of the News Media and Digital Platforms Bargaining Code – Submission to The Treasury – May 2022 (PIJI).

Cadetship funding

Many industries have access to government support for the employment of apprentices. Regional and local newspapers employ cadet journalists, in the same way apprentices are employed in a trade-based organisation.

Training is provided both in the workplace and externally through a university course such as the Deakin/CPA Community Journalism Program. There is currently no ongoing government support for regional and local newspapers for the employment of cadet journalists.

VCPA is recommending the introduction of funding of 70% of first year wages for 100 cadet journalists per year employed in regional and local newspapers, however this mechanism should only be adopted alongside an advertising/ public messaging commitment and/or a tax credit and/or a grants program as outlined above.

Cadetship funding would encourage regional and local newspapers to employ cadet journalists. This would increase the production of public interest journalism, attract more young people to the industry and increase the pool of professional journalists for the future.

The funding would also help sustain regional and local newspapers as the cost of employing a cadet would be partly funded by the government in the first year the cadet is employed.

Cadetship funding is an investment in preserving and nurturing the very fabric of democratic infrastructure within regional and outer suburban communities. Regional and local newspapers are not just news outlets, they are the backbone of democratic infrastructure in their communities.

Unlike other minority-focused news sources, local newspapers serve as vital conduits for civic engagement, community participation, and the dissemination of information crucial for democratic processes.

They play an irreplaceable role in holding local authorities and business to account, giving the voice to those who otherwise would remain unheard and fostering a sense of community cohesion. In regional and outer suburban areas, the absence of sustainable alternatives to local newspapers is glaring.

Unlike niche media, local newspapers often stand alone as the primary source of information for communities, covering a wide array of topics from local council news, local sport, community events, court reports and lifestyle news. This uniqueness positions them as indispensable and irreplaceable in the local information ecosystem.

Regional and local newspaper newsrooms are vital training grounds for cadet journalists with many seeking a rewarding professional journalism career in local, state and national news media organisations.

The regional and local newspaper industry experiences a loss of trained cadet journalists each year to professional writing and public relations roles within corporations and local, state and federal government bodies.

The contribution made to training cadet journalists nationally that leave the industry to pursue other writing related careers cannot be underestimated and the value of that training should be considered as part of our request for cadetship funding support.

Governments routinely invest in infrastructure such as broadcast towers, boosters, and regulate radio and TV spectrums to ensure the dissemination of information. In the same vein, supporting local newspapers with cadetship funding can be seen as an investment in the foundational infrastructure needed for a thriving democracy. This goes beyond mere financial support; it is about sustaining the infrastructure that facilitates informed community engagement, discussion and debate.

VCPA seeks funding for 70% of first year wages for 100 cadet journalists per year employed in regional and local newspapers. This mechanism should only be adopted alongside an advertising/ public messaging commitment and/or a tax credit and/or a grants program as outlined above.

Regulation

One of the biggest threats to the sustainability of regional and local newspapers is the power of the digital platforms. The development of the News Media and Digital Platforms Mandatory Bargaining Code has assisted by forcing the tech giants to negotiate with publishers. The code has resulted in agreements being struck between Country Press Australia (which represents VCPA publishers) and Google and Meta.

This form of regulation has been very important and without these many regional and local publishers would not exist today. Regulation is a multifaceted challenge that involves diverse players, including the digital platforms.

A nuanced regulatory approach is necessary to prevent undue concentration of media power. Transparency, diversity, and accountability should guide regulations to ensure a healthy media ecosystem.

Government and industry stakeholders must collaborate in designing regulations that strike the right balance between national and localised needs. Diversity of media ownership is a strength of the VCPA membership.

Local editors and journalists are in touch with their communities and make decisions on content based on local issues. Journalists in regional and local newspapers are hard to attract and retain so diversity within media organisations should never be regulated.

Media Literacy

An increase in the consumption of social media for the purpose of gathering so called 'news' has led to a fall in media literacy. Online click bait and sensationalist content creators have preyed on those with low media literacy and as a result we've seen a decline in media literacy in recent years.

Regional and local newspapers employ professionally trained journalists who operate under a code of ethics in a regulated environment. They report on local issues and are the trusted source of local news. Regional and local newspapers offer a transparent feedback mechanism via letters to the editor to ensure a range of views and a form of self-regulation.

Media literacy support is essential, particularly for vulnerable populations with low levels of education, indigenous communities and those in remote areas. Educational initiatives should extend beyond traditional news consumption to cover evolving habits and empower individuals to navigate the complex media landscape.

Those with low media literacy levels need to be exposed to trusted, quality news such as that provided by regional and local newspapers. These groups will then be better placed to identify fake news, poor journalism, hidden advertising and sponsored content.

Government funded distribution of regional and local newspapers and their digital assets into the identified groups would assist in improving media literacy. This program could be extended to secondary school students to teach them the value of professionally produced news.

Low media literacy levels pose social and economic risks, including the spread of misinformation and reduced civic engagement. To address these risks, targeted research is required to understand the impact of media literacy levels on the quality of news and journalism.

Research should explore the effectiveness of different educational approaches, focusing on areas such as access to trusted news, media technologies, and evolving news consumption habits.

Conclusion

The Victorian Country Press Association welcomes this opportunity to be part of the News MAP consultation program, but we cannot overstate the need for urgent interventions and for assistance to publishers.

We believe the major suggested measures of a commitment to weekly, full page Federal Government advertising support in regional and local newspapers, a tax credit for publishers of regional and local public interest journalism, an annual grant of 35% of journalism costs for publishers of regional and local public interest journalism and funding for 100 cadetships in regional and local newspapers, will help address the crisis within the news media industry.

Experience from publishers in Victoria demonstrates just how effective a regular government advertising commitment can be. And the benefits that come from certainty of funding.

Further, these measures will create an opportunity for the news industry to continue working on ways to better sustain itself and to establish how future working arrangements with the Federal Government can continue to allow for public interest, place-based local journalism to prosper in our communities.

VCPA understands and expects that there also needs to be more effective and ongoing engagement with government as part of the accountability that comes with the delivery of these assistance measures, and that a deeper level of engagement can only lead to a better understanding among all stakeholders of the news media industry and how it can be appropriately sustained and supported.