

Locolee Pty Ltd submission to the Inquiry into Australia's Regional Newspapers

## **Federal Parliamentary Standing Committee on Communications and the Arts Inquiry into Australia's regional newspapers**

**SUBMISSION FROM Lee O'Connor, LOCOLEE PTY LTD, Coonamble, NSW**

### **1. Introduction:**

I thank the Committee for the opportunity to make a submission to the Inquiry which I hope will explore some of the factors inhibiting the performance, viability and future sustainability of regional news publishers and address issues around the federal government's role in these.

My own perspective is that of a small independent publisher based in a small remote community in regional New South Wales. An attachment containing background information has been provided separately.

### **2. General comments:**

I was disappointed by the timing of the announcement of the Inquiry and the invitation to make submissions, coming as it did right before the Christmas holiday period which traditionally sees the majority of smaller regional publishers take their only annual break.

Our own print/digital newspaper closed from 24 December and re-opened on 20 January 2022, with our first edition to be released on 27 January. How on earth are the readers of our regional newspaper to be informed about the Inquiry and encouraged to have their say?

I believe that this timing and the very short amount of time available to make submissions will prevent many publishers having input into the Inquiry and will reduce community participation to an absolute minimum.

It would be useful to know what the Committee defines as 'regional newspapers'. Whether print or digital, does the Committee consider a company whose offices and staff are based in Sydney, Newcastle or Canberra as regional? Is a publication which is distributed under a masthead with a regional town in its title considered to be a regional newspaper even if 90% of its content is nationally syndicated and not specifically relevant to the town? The lack of clarity in the context of so-called 'regional publishing' will undermine any actions the Committee may recommend.

### **3. Understanding the regional media landscape**

It is my view that many government policies and decisions are based on some skewed assumptions and generalisations, including that non-corporate regional newspapers:

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- have not embraced modern technology, are old-fashioned and inefficient in their news gathering, production and distribution methods compared to their corporate counterparts;
- no longer serve the needs of businesses seeking to connect with their customers;
- do not provide an important contribution to public interest news gathering; and
- are irrelevant in wider society, have little influence and are dying out.

While the national rhetoric often emphasises the critical nature of 'small community newspapers' it seems that policies, programs and general support from both national and state governments consistently follows the big money when it comes to (1) advertising spend and (2) programs of assistance.

Recent initiatives have acknowledged and adjusted to the specific needs and capacities of large corporate media while effectively either ignoring the needs of the small media businesses or providing some lip service and a few short-term grants.

While the larger corporations took the money and ran, closing newsrooms, suspending print editions (sometimes permanently), reducing the frequency of publication, laying off staff, taking their regional publications online and relying increasingly on syndicated content, most independent regional newspapers have not only stayed in operation, they have largely sustained their circulation and readership in proportion to the population in their catchment. In some cases, the percentage of the population reading the local publication has increased while the overall population has declined.

In NSW there are currently 30 or so regional publications who are members of the Country Press association. However, they are the tip of a much larger iceberg of small independent media outlets serving vast areas of regional Australia who mostly operate under the political radar and are not acknowledged, considered in policy discussions or assisted in any way by government.

As a result, many governments under-estimate their journalistic contribution, their social and economic impact, and their influence as a trusted voice.

Outside their critical role as an authentic source of public interest journalism and all the implications that entails towards maintaining a functioning democracy, regional newspapers remain significant contributors to the wellbeing of regional Australian communities.

As a cohort, small to medium newspapers remain significant employers in regional Australia. Many have expanded their workforce in recent years and continue to host work experience students, trainees, cadets and to develop the many and various talents of young people.

Deeply embedded within their communities, they also contribute to the social and economic fabric by paying rates or rent, utilising the services of other local businesses, sponsoring non-profits, actively participating in the social and political life of their regions, and generally contributing to regional sustainability.

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Continuing to rely on the often spurious claims of the marketing or management divisions of national media corporations – who often overplay their regional presence and contributions in order to unlock assistance – will reduce the efficacy of any future government policies or programs.

**Suggestion: That the Committee work to quantify the number of small independent regional publishers, along with their contributions and impacts (staff numbers, workforce development, direct and indirect economic contribution, and more) as a critical component of any future planning.**

Many regionally-based mastheads now publish news in both print and digital formats, employing some of the same technologies as larger corporate publishers, without abandoning their print audience. This demonstrates an understanding of the needs of their audiences, a willingness to 'meet the market' and a recognition of the demographic and telecommunications environment in which they operate.

The Inquiry's brief online survey ignores this fact. Question 8 allows for only an either/or response to whether people subscribe to 'print' or 'digital' services to obtain their regional news. It certainly doesn't acknowledge the growing trend of audiences using Mobile News Apps (which are largely not subscription based) as another way of accessing local news in regional areas. It indicates that the Inquiry is following the common misconception that 'newspapers' are either print or digital when the reality is that the same regional news publishers who have always brought regional residents their news in print now deliver content in a growing range of formats. It also asks if people 'subscribe' to their newspaper which shows a lack of understanding about the various ways newspapers provide access to their audiences. Many enjoy free print and digital editions, others purchase individual print or digital editions on a weekly basis (without an actual subscription) or use mobile news apps that are available by free 'download' rather than 'subscription.'

**Suggestion: That the Committee to identify and quantify these various methods of news distribution across regional Australia, including the range of options available in specific regions, before any recommendations are made. A complete list of the actual number of news publications/platforms and the regional communities served should form the basis of the government's consideration of the regional news publishing industry.**

#### 4. Impact of closure of ACM/NewsCorp titles.

The loss of any local newspaper is a serious concern to the affected communities however the pain is localised. The impacts of the closure of ACM and NewsCorp titles were acutely felt in those multiple communities where print publication was stopped. However, many many other regional communities experienced nil or minimum disruption and continue to be well-served by their locally-owned publications. Constantly referring to the 'decline in regional newspapers' without further quantification or explanation does not serve the interests of the industry or the community.

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Digital and/or online news does not replace print newspapers. Abandoning one for the other at this point in time is purely a reduction in service based on the decision of an individual business entity and has the effect of limiting consumer choice.

Regional news audiences continually make it clear that they are not ready to entirely abandon the print editions for digital/online or app-based news. In fact, the more governments and big media try to drive communities online, the more important regional newspapers become.

As well as being a reflection of the high level of trust built over generations and recognising the particular demographics of each regional area, including level of education and income, this is also because mobile telephone and broadband internet coverage remains patchy, expensive and unreliable across large swathes of the country.

Perhaps the balance will tip at the time when all regional residents finally receive equal access to efficient, reliable and affordable connectivity. Until then, our market tells us that they need the option of print newspapers as well as wanting the options of online and app-based content. Genuine news publishers in regional areas will endeavour to continue to provide this service as long as they are practically and financially able.

In the vast federal electorate of Parkes, almost 100% of communities which were served by a local newspaper five or ten years ago, are still served by a local newspaper in 2022. In fact, they are more likely to be served by a locally-owned and independent newspaper (rather than a corporate outpost) than they were five, ten or even fifteen years ago.

The contraction of ACM mastheads to digital-only news has created an opportunity for the revival of locally-owned and operated newspapers and there is no reason to suspect that this trend will not continue, unless some further impediment is placed in the path of enterprising regional publishers and/or some additional advantage is bestowed by government to support the return of major media companies to the regions.

In my view the outcry created when country mastheads were suspended was fanned by the major media companies allowing them to attract government sympathy and support while they proceeded with reducing services to regional communities in line with strategies which had begun many years ago.

A negative side-effect of the drama on publishers who continued to operate in the regions was that advertisers were led to believe that more titles had closed than was actually the case and failed to continue placing ads. Also, the NSW government took the opportunity to adjust their legislation to remove requirements to advertise important public information in newspapers. These changes will both have serious long-term consequences for the regional publishing industry.

A critical component of the actions taken by the major media companies under cover of covid which has largely been overlooked is the closure of print sites which occurred at the same time as the slashing of mastheads and also continued afterwards.

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The actions of ACM in NSW have resulted in serious knock-on effects for independent publishers whose bottom line has been ravaged by increasing print and associated freight costs along with significant pressure on the mental health of proprietors and staff in regional areas due to reduced deadlines, extended delivery times and unpredictably unreliable transport.

**Suggestions: That the actual extent of masthead closures, shift to online, reduction in journalist numbers etc by ACM and NewsCorp be accurately quantified by an independent entity so that the number of affected communities can be publicly known and gaps in the market identified before measures to assist regional publishers are formulated.**

**Access to affordable, reliable and accessible internet and mobile coverage needs to be considered and addressed when formulating policies and recommendations relating to regional news publishing.**

**Ways to assist independent regional publishers meet the print and freight challenges created by the closure of or exclusion from print sites owned by major media companies be explored as a matter of urgency.**

**The Inquiry consider ways to assist regional news publishers to re-educate state and national level advertisers about the availability of publications in regional areas.**

**The Inquiry explore the implications from changes to legislation which remove the requirement to take paid advertising in newspapers and make recommendations that are in the public interest as well as considering the impact on commercial news publishers.**

#### **5. Advertiser engagement**

Local and regional businesses continue to value the exposure and engagement with customers provided by their local newspapers. We are forced to compete heavily against perceptions that social media is 'free advertising' that 'everybody sees', even though this is rarely true for the majority of businesses.

Critically, it is largely advertising by government-operated or funded services which has 'gone missing' from regional newspapers (in any format) in recent years. Federally-funded community and social services, including NDIS, employment agencies, home care, adult education, community transport, homelessness and domestic violence support, rural financial counselling, telecommunications and many more, are effectively cut-off from the very people they are meant to serve.

On-ground staff in regional communities regularly complain that they are limited to promoting their programs to similarly-funded colleagues via email, or to potential/existing clients using just printed posters and free morning teas. This is not only ineffectual in keeping local communities informed, it takes staff in these services away from the client-based work they are paid to do.

In NSW, we can only assume that the state government's still-huge advertising budget is being directed to large centralised ad agencies and global social media platforms. Less

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and less useful advertising flows through to regional newspapers. This applies to essential services in regional communities including, but not limited to, TAFE, health, land/water management, housing, transport, driver and vehicle licensing, agricultural extension and so on.

Both federal and state agencies, when asked to pay for advertising for specific programs/events/services that have been distributed to regional publishers in the guise of 'editorial', often answer that 'there is no budget for advertising'. This is both patently untrue and constitutes a continual undermining of the viability of regionally-based media outlets at the hands of their own government.

Numerous agency staff who have spouted the 'no budget' angle have explained by saying that they are 'using' social media. Many admit to 'boosting' posts – an advertising activity that requires budget.

To illustrate the prevailing attitude of the majority of government-related agencies:

*A conversation with a senior NBN official when visiting Coonamble NSW in early 2021 led to discussions around the difficulties the NBN is having in encouraging, educating and enabling senior citizens to engage online as well as the persistent reluctance of many regional and remote residents to take up the connectivity offered by their Skymuster or Skymuster Plus satellite services.*

*When asked whether they could consider advertising in the regional network of local newspapers (who continue to enjoy high levels of readership and trust among both the elderly, the rural, and those experiencing mobile phone and broadband internet connectivity issues) to promote the opportunities and benefits offered by the NBN network, the executive answered quickly "Oh no, we are planning a comprehensive integrated social media campaign!"*

I trust I do not have to point out the ridiculous irony of this response to your Committee. However it is a clear example of an ingrained bias among government and their associated agencies towards digital/online/social media advertising at the exclusion of regional news publishers, a denial of the realities of life for certain sections of the community and flawed decision-making around advertising spend which are consequently to the detriment of large numbers of regional residents.

In NSW at least – with new legislation recently and surreptitiously introduced that no longer requires newspaper advertising of important public notices – a growing suite of regulatory and compliance functions have been removed from the attention of the people to whom they matter most and scattered around on departmental websites. This in itself should be cause for concern in terms of transparency, accountability and public participation.

**Suggestion: The Committee should explore the policies and decision-making around federal government advertising and the impact on regional publishers and communities as a key component of this Inquiry.**

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**Suggestion: The matter of where the NSW Government's advertising budget is being directed and changes to requirements about public notices needs to be acknowledged and representation made to address the issues raised.**

#### 6. Mandatory Media Bargaining Code

I believe that the Code was not developed with smaller publishers in mind and that the majority of smaller regional publishers will be excluded from the arrangements being offered by the global internet giants by virtue of their scale of commitment required to participate.

I sincerely hope the government is also looking for ways to ensure internet companies are 'paying their way' and are subject to the same accountability as news publishers based in Australia.

**Suggestion: A review of the Mandatory Media Bargaining Code – to assess whether smaller regional publishers are effectively being excluded from participation and whether the effect of the Code is to direct additional financial benefit to big media companies. Perhaps an addendum to the Code is needed which is tailored to smaller/regional publishers who wish to participate.**

#### 7. Government funding programs

The Regional Cadetships Program, the Regional & Small Publishers Innovation Fund and the Public Interest News Gathering Fund offered some encouragement and support for regional newspapers attempting to secure a sustainable future for their business in an industry where huge corporations had been permitted to run amok for decades.

It is deplorable that both these streams of funding were fully depleted during the early days of the covid pandemic.

These funds, clearly created for regionally-based news publishers, were effectively raided and the vast majority handed to huge national television, radio and print publishers. The final sting in the tail was that the hand-out was squandered when these same companies continued their regional contraction/centralisation programs and closed multiple regional newsrooms as soon as (and in many cases before) the money was spent.

A similar situation occurred with JobKeeper payments to large publishers and printers who proceeded to lay off hundreds of staff as occurred at the North Richmond print site of ACM.

**Suggestions: These companies be asked to repay any government assistance and those funds used to replenish the Regional Cadetships and Innovation funds to benefit those smaller publishers who are committed to serving their communities and who continue to struggle on through ensuing challenges (some of which have been compounded by the closure of key print sites).**

#### 8. Droughts, plagues and pandemic

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The Inquiry's Terms of Reference asks for feedback on *"The degree to which there has been economic recovery in regional and remote markets from the impacts of COVID, and whether this has led to advertising revenue improving."*

In response I would say that there has been some limited economic recovery in our local market with the re-opening of hospitality and other businesses after the severe pandemic restrictions in 2020 and 2021, however full recovery is still far off due to the ongoing cancellations of local events and the continued business downturn in some key sectors (esp retail and hospitality) as residents and visitors stay home to protect their families and businesses continue to struggle with an ongoing workforce shortage made worse by covid.

Perhaps the greater and persistent impact on the financial performance of regional publishers from the pandemic has been in the global paper supply shortage, freight disruptions and the closure of major printing facilities. As a result, our printing and distribution costs have skyrocketed, with little hope of reducing in the future.

The mouse plague that arrived in November 2020 and continued unabated through to the third quarter of 2021 contributed a further blow to our income, as all business types in our area were financially (and mentally) challenged by destruction of in-store stock and business infrastructure (like electrical wiring and damage to technology), soaring cleaning and control costs, and falling revenues as households also directed funds to cleaning, mouse control (traps, baits, etc) and damage repair.

I would also point out that the impact of the pandemic, while intense in the short term, was compounded by its arrival on the back of the prolonged drought. There was no opportunity to recover from the long-term impacts on advertising revenues suffered during the economic contraction resulting from the drought, which saw a number of businesses in our communities close permanently, events (like local shows, race meetings and entertainment) cancelled, and other businesses curtail all but essential expenditure.

While farmers and agricultural supply businesses could access direct assistance, there was nothing available for other small businesses in rural communities like ours where almost all income streams are closely entwined with the agricultural sector. The persistent failure of governments to recognise and address this in any meaningful way is an ongoing disappointment and periodically weakens the ongoing sustainability of regional publishers, reducing the sector's capacity to expand or withstand unpredictable additional hits like plagues or pandemics.

We look forward to a year where recovery is possible and hope that this is 2022.

**Suggestion: That the Committee note the compounding impacts of the series of significant recent economic shocks suffered by the regional publishing industry when formulating their recommendations.**

**Restore financial assistance for Regional Cadetships and expand the criteria to include Traineeships and Internships in recognition of the role of regional publishers as the training ground for journalists and other local industry-specific roles.**

**Restore the funding to support Regional & Small Publishers into the future. The fund should also allow for collaboration and resource sharing among groups of smaller publishers. A one-size-fits-all approach does not work for an industry with such a**



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**broad range of scale and capacity among regional publishers. A fund of this nature does have the potential to contribute positively to the future sustainability and diversity of regional news publishing.**

9. Summary of key points:

The federal government take immediate steps to apprise themselves of the true status of regional newspapers and their individual and combined impacts on a social and economic level, based on the government's own (or an independent entity) comprehensive investigations, before formulating new policies. A full understanding of the level of coverage currently provided by large and small publishers, numbers of employees, commitment to training and workforce development, and local economic contribution should be assessed and considered when developing recommendations.

Review of Mandatory Media Bargaining Code – to assess whether smaller regional publishers are effectively being excluded from participation and whether the effect of the Code is to direct additional financial benefit to big media companies. Perhaps an addendum to the Code is needed.

Restore financial assistance for Regional Cadetships and expand the criteria to include Traineeships and Internships in recognition of the role of regional publishers as the training ground for journalists and other local industry-specific roles.

Restore the funding to support Regional & Small Publishers into the future. The fund should also allow for collaboration and resource sharing among groups of smaller publishers. A one-size-fits-all approach does not work for an industry with such a broad range of scale and capacity among regional publishers. A fund of this nature does have the potential to contribute positively to the future sustainability and diversity of regional news publishing.

That the Committee seek a review of government-funded advertising activities and that associated policies are reviewed to ensure that government advertising spend is more effectively directed to target regional audiences and not concentrated on social media and other global digital platforms or national media companies and more accurately reflects the diverse media landscape of regional Australia.

*I thank the Federal Parliamentary Standing Committee on Communications and the Arts for their interest in the regional publishing industry and would be happy to provide further information if required.*

Lee O'Connor

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