

Chapter 6

Direct Commonwealth measures in support of public interest journalism

6.1 This chapter first discusses measures already used by government to support public interest journalism, before considering a number of proposals made in evidence received by the committee.

6.2 Regarding current Commonwealth measures to support a healthy and diverse media sector, this chapter looks at:

- The funding of the public broadcasters, ABC and SBS;
- Assistance to the community broadcasting sector;
- Current government legislation or policy that has either not yet been passed by Parliament or, where it has been passed, where full details have not been publically released; and
- Improving our education system to sharpen the critical thinking of future generations of Australians about news and current affairs.

6.3 It then moves to discussing some policy measures not currently in place that were discussed by the committee. These include the potential creation of a fund to administer subsidies or grants to support the production of public interest-journalism, administered by a body at arms-length from government.

Australia's Public Broadcasters

6.4 The Commonwealth already directly funds some public interest journalism through its funding of the Australia's public broadcasters, the Australian Broadcasting Corporation (ABC) and the SBS. Both broadcasters operate under legislation providing them with editorial independence from government, and charters that set out their principal functions.¹

6.5 The ABC's charter provides that it must, among other things, provide an 'innovative and comprehensive broadcasting services of a high standard as part of the Australian broadcasting system consisting of national, commercial and community sectors', and it must '... transmit news, current affairs and entertainment programs outside Australia'.² This includes the provision of news. The charter that in its oversight the ABC Board must 'ensure that the gathering and presentation by the

1 Respectively the *Australian Broadcasting Corporation Act 1983* (ABC Act) and *SBS Act 1991*.

2 Drawn from the ABC charter, which can be found in full in section 6 of the ABC Act and at <http://about.abc.net.au/how-the-abc-is-run/what-guides-us/legislative-framework/> (accessed 20 January 2017).

Corporation of news and information is accurate and impartial according to the recognised standards of objective journalism'.³

6.6 The SBS charter sets out its principal function as 'to provide multilingual and multicultural radio, television and digital media services that inform, educate and entertain all Australians and, in doing so, reflect Australia's multicultural society'.⁴

6.7 The 2017-18 Commonwealth Budget stated that the ABC's total funding amounted to \$1.1 billion.⁵ Over the same period, the SBS budget was \$381.6 million, including direct Commonwealth funding of \$280 million. SBS runs on a hybrid model, which means that it is allowed to accept a limited amount of commercial advertising on some of its platforms, which the 2017-18 Budget expected to total \$101.6 million.⁶

The role of broadcasters in news and public interest journalism

6.8 In its submission, the ABC set out its commitment to, and investment in, public interest journalism across a number of platforms, as well outlining its reach into the Australian audience:

The ABC invests more in investigative journalism than any other Australian media organisation. The ABC currently employs more than 900 news journalists and presenters, approximately 140 of whom are engaged in delivering investigative journalism as the primary part of their role. The ABC also invests in a paid News Cadetship program, ensuring that the next generation of news journalists are equipped to deliver public interest journalism to Australians.

The depth and breadth of news and current affairs across ABC platforms is well recognised and evidenced by its significant audiences. In 2015-16:

- from 6am to midnight, the primary ABC TV channel broadcast a total of 785 hours of first run Australian news and current affairs content
- 1.1 million people tuned to the 7 pm television news bulletin each night
- ABC Radio news and current affairs programs reached, on average, 1.8 million Australians each week
- ABC News and Current Affairs websites reached an average of 4.5 million Australian users each month.

3 ABC, *Submission 58*, p. 4.

4 SBS, *Submission 62*, p. 13.

5 *2017–18 Budget—Communications and the Arts Portfolio Budget Statement: Australian Broadcasting Corporation*, p. 71.

6 *2017–18 Budget—Communications and the Arts Portfolio Budget Statement: Special Broadcasting Services Corporation*, p.288 and p. 291.

The ABC also delivers the only free-to-air news television channel and a dedicated news radio service.⁷

6.9 The Editorial Director of the ABC, Mr Alan Sunderland, outlined the role of the broadcaster in providing public interest journalism:

We have roughly 1,200 staff in the news division, but there are also many journalists in the radio and regional divisions who are also contributing journalism to Australians. We obviously have people in every capital city in every state and territory and 48 regional locations and, beyond that, in 13 foreign bureaus around the world. These days I think I can fairly say that our journalists work harder than just about any other journalists anywhere in the world because there is no longer any delineation between television reporters, radio reporters and online reporters. All of our journalists file for all of those platforms. Even if you look at *Four Corners*, which produces the highest quality investigative current affairs in the Australian context, increasingly that team is producing those stories for digital audiences as well.⁸

6.10 Mr Sunderland also outlined the importance of investing in journalism for the ABC as a long-term strategy to bolster news in the public interest:

I think what you have seen from many of the public broadcasters overseas, because of reality or priority, is a disinvestment in some of this form of journalism. We think the opposite is needed. I think that the more of our editorial resources we can put into original journalism and enhancing the fact base for all Australians through doing investigative journalism across all of our platforms the more value we will be returning to the public at a time when other commercial operators are either not choosing to be in that space or can't afford to be in that space. The message back to our journalists is that the very nature of the public media is to be providing a service that is in the public interest with money that is provided by the public.⁹

6.11 Witnesses representing the ABC told the committee about a number of trends they had observed in news and current affairs. Mr Gaven Morris, the Director of News at the ABC, suggested that there had been a noticeable:

...return to value among audiences for verified information, for trusted content and for explanation of context. That suits us fine, because we think that is right at the heart of what we're here to do...our success in recent times on digital platforms—our audience growth on digital platforms—is around people seeking explanation and context, a lot more than any other strategy to produce popular content or anything else.¹⁰

6.12 Witnesses from the ABC told the committee that, alongside its traditional audience base, a younger demographic had started engaging with news in a way that

7 Submission 58, p. 6.

8 *Committee Hansard*, 23 November 2017, p. 24.

9 *Committee Hansard*, 23 November 2017, p. 24.

10 *Committee Hansard*, 23 November 2017, p. 26.

was uncommon a few decades ago, particularly through mobile technologies. Mr Morris reflected that:

When I was a young journalist at the ABC, the bosses always used to tell you: 'Don't worry about the younger audience. They're never going to be interested in what we've got to offer at the ABC—politics, analysis and international news and all of that kind of stuff. When they get to their 50s, they'll come to us. They'll be interested in it then.' Then along came mobile phones, and what we are now seeing in terms of an audience profile for ABC news, for instance, is that two-thirds of our audience on mobile are under 40 and they're mostly consuming the sorts of stories that we've always pursued...For the first time in the ABC's history—and we've still got big broadcast audiences that are traditionally older and like watching news on a schedule and listening to the radio in a linear way—we're seeing under-40 audiences engaging with us on social platforms and through our own platforms on mobile.¹¹

6.13 The ABC highlighted the value it offers in the broader media landscape as a trusted provider of public interest journalism, citing the 2012 Finkelstein Review:

The ABC is a major player in the Australian news market with extensive investment in television and radio news and current affairs production. As a public broadcaster, it is funded from consolidated revenue. It has a long and successful history in investigative and public service journalism. Should a gap emerge from reduced efforts of newspapers and other media, the ABC, with additional government funding, would be well-placed to fill it.¹²

6.14 This was recognised by other witnesses and submitters. For instance, Professor Mark Pearson, the Professor of Journalism and Social Media at Griffith University, observed that the ABC was one of the few Australian organisations undertaking investigative journalism:

That means that what is essentially a pillar of democracy—a fully-functioning independent media which is able to perform a watchdog role upon other important political and social institutions—is underresourced in both dollar terms and, now, with the demise of major news organisations, people terms as well...We are left with mainly the ABC, some elements of the other traditional newspaper media and some elements of new media, like *The Guardian*, conducting what we might call 'investigative journalism'.¹³

6.15 The submission made by SBS set out the new services it provides on both traditional broadcasting and digital platforms:

11 *Committee Hansard*, 23 November 2017, p. 26.

12 *Submission 58*, p. 6, citing the Hon R. Finkelstein QC assisted by Professor M. Ricketson, *Report of the Independent Inquiry into the Media and Media Regulation*, 28 February 2012, p. 332.

13 *Committee Hansard*, 11 July 2017, p. 34.

From SBS *World News*, *Insight*, *Dateline* and *Small Business Secrets* on our main channel, *The Feed* on youth focus SBS Viceland to NITV News, *The Point* and *Living Black* on Australia's national Indigenous television channel, our focus is on delivering unbiased, non-sensationalist and in-depth coverage of stories relevant and reflective of this diverse nation.

World News is the most distinctive news service in Australia. The TV bulletin is the only one broadcast nationally in prime time on any free-to-air network. It is the only bulletin that predominantly covers global news. Stories are commissioned across platforms so that they are delivered via broadcast, online and social media platforms. Apart from our coverage of world and national affairs, a core priority for the news division, in collaboration with the radio programs in languages other than English, is to share constructive stories of individuals and communities from culturally diverse and Indigenous backgrounds and their positive contribution to Australian society. Through our strong connections with communities, developed through our 40-year plus heritage, we are able to tell the stories from a knowledgeable, trusted and respectful perspective.¹⁴

6.16 Ms Mandi Wicks, the Director of SBS Radio, outlined what makes the SBS services unique and valuable in the Australian news media landscape:

In our content and our organisation, SBS normalises the diversity of Australia. We tell stories of culturally and linguistically diverse Australians with dignity. Across a variety of genres and platforms, we explore and celebrate the cultures that make up our community, building understanding and promoting social cohesion. Our radio services are a vital part of this as we broadcast news and information across Australia in nearly 70 languages. SBS Radio focuses on Australian news and on providing an Australian perspective on international news. While audiences can access news from their home country, and often do this also through SBS television's suite of *World Watch* bulletins, SBS is often the only service providing Australian news in languages other than English. We provide news about Australia and news from listeners' home countries with the independence and balance that has always been a hallmark of SBS's coverage. Just some of the benefits of this multilingual and multicultural news service include communicating settlement information for new migrants, enabling participation in a democratic society, and providing government and other advertising in languages other than English.¹⁵

6.17 SBS emphasised that digital access was a key part of its strategy to reach both general audiences and its target communities:

Over the last year, we've seen a 100 per cent average monthly increase in users to our language website and a 75 per cent increase in average monthly podcast downloads, which shows just how important those services are. Through our platform and content strategy, we're ensuring we remain

14 *Committee Hansard*, 23 November 2017, p. 14.

15 *Committee Hansard*, 23 November 2017, pp. 13–14.

relevant for today's audiences and that we are genuinely helping people navigate life in Australia and in the community in which they now live.¹⁶

Trust in public broadcasters

6.18 The ABC and SBS have proven themselves in opinion polls to be the Australian media organisations that are regarded as most trustworthy and reliable by the general public. At the time of writing, the most recent Essential Polls found that, in respect of TV news and current affairs, ABC TV was trusted by 63 per cent of respondents with its news rating at 58 per cent. Similarly, SBS's TV news and current affairs was trusted by 61 per cent of respondents.¹⁷

6.19 Mr Sunderland noted that this trend had been clear and consistent over time, reflecting that Australians appreciated the ABC's independence and impartiality:

We are very proud of that and we would like to see it go even higher. The one thing I can say is that it has been a hallmark of the ABC from the time it was created that it places its independence and its integrity above all else. There will be a great many views as to how well we live up to the standards that we set ourselves, but the standards are plain for all to see. People love the fact that the ABC is beholden to no-one. Cheques aren't being written by advertisers that we need to manage and deal with. We are funded to be independent, we are funded to be impartial, and we are funded to belong to the Australian taxpayer. That buys us a lot of credibility right off the mark. And that in my view explains why people sign up to that ideal of having a source of media that is impeccably independent and impartial in its aims and its approach. Our ability to maintain that trust depends on our ability to live up to our ideals. But our ideals are what people associated with the ABC as a brand in the marketplace.¹⁸

6.20 SBS agreed that its audience's trust reflected the commitment of its staff to providing excellent news content. As Mr Jim Carroll, the Director of News and Current Affairs at SBS, told the committee:

Just on the question of trust, I did make the point that we, along with the ABC, are the most trusted news outlet in Australia. I think it's in our editorial processes every day that we have an experienced, committed team. They work at SBS for a reason. If they wanted to make more money, they'd go somewhere else. They are passionate about the work they do. They are passionate about delivering on charter, and that's the environment that we have. In terms of fake news or trust, we have layers of checks within our organisation. That's not to say that we always get it 100 per cent right. Our

16 *Committee Hansard*, 23 November 2017, p. 14.

17 By way of comparison, the trust rating for commercial TV networks was 25 per cent, daily newspapers 42 per cent, and internet blogs trusted by just 20 per cent of respondents. See Essential Trust in Media Report, 4 October 2017 at <http://essentialvision.com.au/?s=media+trust&searchbutton=Search> (accessed 20 January 2017).

18 *Committee Hansard*, 23 November 2017, p. 26.

international affiliations are with the most credible news organisations in the world, and we live and breathe it every day.¹⁹

Fact checking

6.21 The committee was interested in the ABC's fact checking capacity, which was funded by the Commonwealth in 2013 as a stand-alone division to check the accuracy of claims made by politicians and other commentary in the public domain, funded at \$20 million per year. It was subsequently de-funded by the government, and relaunched in partnership with a university partner in 2017.²⁰ Mr Morris suggested that the partnership with RMIT had offered a good model to deliver some public broadcast initiatives in partnership with other organisations:

We thought the Fact Check initiative was a good one, and that type of journalism is important in context. So we came at it from another direction, and we went to the academic community and sought partners to be able to work with us on an initiative like that, and RMIT, very thankfully, joined us, and now we essentially collaborate on that. We're using funding from both of us, using people from both of our teams, and using the students and the curriculum of RMIT to play a part in that initiative. I'm very proud of that. I think that's a really good model for us to be looking at. We don't need to be solely funded for some of these activities if we can find great, particularly publicly minded partners to come along with us.²¹

6.22 Associate Professor Angela Romano, the Vice President Networks, Journalism Education and Research Association of Australia (JERAA), spoke of the value of fact checking claims in the public sphere, and suggested it was worthy of public funding:

We have the model of RMIT and ABC coordinating with their fact-checking unit. We would encourage funding of those kinds of organisations. Certainly, when funding is tight for media organisations, it is the subeditors and the traditional fact checkers who tend to be the first to lose their jobs. They're not the public face of what is seen in those media organisations, and they are often given the axe quite early in the piece.²²

6.23 Two academics working at RMIT University commented on the value of the ABC's fact checking capacity, and fact checking more generally:

Fact-checking in Australia has been a boon to all sides of politics and to Australian democracy. A piece written by Alexios Mantzarlis, of the International Fact Checking Network, noted that fact checks produced by ABC Fact Check were cited dozens of times during parliamentary debate, by politicians of all persuasions...

19 *Committee Hansard*, 23 November 2017, p. 21.

20 See Dr Alexandra Wake and Mr Gordon Farrer, *Submission 26*, pp. 3–4.

21 *Committee Hansard*, 23 November 2017, p. 25.

22 *Committee Hansard*, 11 July 2017, p. 50.

If politicians genuinely support the ideal of fact-based public discourse they would recognise that fact-checking as a form of public interest journalism deserves public support.²³

Concerns raised to the committee

Effects of budget cuts to public broadcasters

6.24 The committee took some evidence about the effects of funding cuts on the ABC and SBS. The nature and effects of these cuts on the ABC were noted as including: a significant loss of local content, including to the 7.30 program from eight states and territories; deep cuts to reporting staff and supporting crews across newsrooms in capital cities; the downsizing of current affairs shows on ABC networks; and the closure of international bureaux and the Australia Network. This had led to the ABC being strained to provide coverage in regional and rural locations, including where all commercial networks had withdrawn from local production. Similar effects of budget cuts were noted for SBS' capacity to produce news and public interest journalism content.²⁴

6.25 Ms O'Neil, SBS, told the committee that there were few margins left for efficiencies:

Going on from the cuts a few years ago, we have really found all the efficiencies we can, if I can put it that way, in the back office. Any further budget constraints will start to affect our services, including journalism. What exactly would go is obviously hard to say and would be subject to a review, but it will definitely eat into the services that Australians are provided with.²⁵

6.26 Dr Colleen Murrell, Co-Secretary of JERAA, told the committee that the government should lift funding for the ABC and SBS to at least pre-2014 levels:

Australia also needs to properly fund the ABC and SBS so they can practice meaningful public interest journalism. The ABC and SBS should be funded to at least the levels before the last round of cuts in 2014. Summarising the findings of 43 research studies, in a 2016 paper Nielsen and his colleagues noted a positive relationship between strong public service media and strong private sector media, not the negative relationship that the crowding-out hypothesis would lead us to expect.²⁶

23 Dr Alex Wake and Mr Gordon Farrer, *Submission 26*, p. 5, citing Alexios Mantzarlis, 'Fact-checking on TV: Australia's ABC Fact Check', *Poynter*, www.poynter.org/news/fact-checking-tv-australias-abc-fact-check (accessed 21 January 2018).

24 See chapter 2, citing: MEAA, *Submission 37*, p. 13; Mr Paul Murphy, MEAA, *Committee Hansard*, 17 May 2017, p. 12; and Dr Colleen Murrell, Co-Secretary, Journalism Education and Research Association of Australia, *Committee Hansard*, 11 July 2017, p. 48.

25 *Committee Hansard*, 23 November 2017, p. 19.

26 *Committee Hansard*, 11 July 2017, p. 48.

ABC services in regional and rural areas

6.27 Commentary in an earlier chapter of this report outlined the role that the ABC plays in regional and rural areas, particularly where it is left as the last producer of local news, as commercial organisations have shut down regional offices.²⁷ As Professor Ricketson advised:

...there is a real crisis in the capacity for media in this country to deliver journalism in rural, regional and local areas. I'm particularly concerned—as in the university is particularly concerned—that some of the commercial television broadcasters have already signalled that they don't particularly see the provision of news and current affairs in local, regional and rural areas as part of their remit and want to pass that off to the ABC.²⁸

6.28 Mr Paul Wallbank, who was appearing in a private capacity, bemoaned the long trajectory of funding cuts on the ABC's capacity, particularly in the regional and rural areas:

For the ABC, ... it has been more a political process of successive governments of both complexions starving it of funds and interfering in the management of it. So there are two separate things there. Certainly for the regions, you would have to ask: if the commercials are pulling out, be they in print, radio or television, then is that where the ABC should be stepping in more to fill that gap that is not being covered?²⁹

6.29 Professor Lawrie Zion, Lead Chief Investigator, New Beats Project, suggested that the ABC had made some recent attempts to address market failure in rural and regional areas. However, he also suggested that more could be done to improve services in regional and rural areas in the future:

The ABC, as well as losing jobs, has also tried to create some specific regional jobs. I think that public broadcasting has served Australia extremely well. It has raised the standard of commercial broadcasting or commercial media in general. I think public broadcasters are often the best placed to provide news services to regional and rural Australia... When you've got people from commercial media admitting that the business model is not going to sustain all kinds of journalism everywhere, I think it's really important to look at what public journalism can do, the level of trust it has in the community, but also what it can do in the future. This may be an opportunity—again, as my personal opinion—to look at how publicly funded media can develop further its role in delivering services where the market has failed.³⁰

27 For example, see MEAA, *Submission 37*, p. 13; and Professor Matthew Ricketson, Professor of Communications, Deakin University Committee Hansard, 21 August 2017, p. 2.

28 *Committee Hansard*, 21 August 2017, p. 2.

29 *Committee Hansard*, 17 May 2017, p. 46.

30 *Committee Hansard*, 21 August 2017, p. 57.

6.30 Some submissions suggested that the ABC should shift its focus from the crowded inner-city markets where there is no shortage of online and traditional media, and instead look to address instances of market failure in non-metropolitan areas.³¹

6.31 Mr Morris acknowledged the challenge that the ABC faced in continuing to deliver quality regional coverage, but noted some relevant initiatives underway:

...what we have done in recent times is reflected on the fact that maybe we are a bit too thin in parts of regional Australia. So there is a Connecting Communities initiative that we are rolling out at the moment, which is 80 new roles in regional Australia—multiplatform journalists and content makers. It is a \$15 million investment, as a reallocation of that money we took off the non-content side of the business, to reinvest in being able to do more original content gathering in regional Australia. That's 80 new roles that will go into regional Australia at a time when we recognise that some of the other media organisations are having to scale back what they're doing in regional Australia.³²

Potential unfair competition with the private sector

6.32 The committee received a limited amount of evidence arguing that, as Australia's public broadcasters receive public funds to underpin their operations, they may crowd out private investment and private business from the commercial media, and thereby be acting in an anti-competitive way. By and large, this argument was made in relation to the operations of the ABC in the digital space.

6.33 Dr Christopher Berg, Senior Fellow, Institute of Public Affairs (IPA), suggested that the ABC was not an independent organisation, that it was inefficient and wasteful, and that it should be shut down, as the private market would do better:

...obviously [Australia does] support public interest journalism, at the cost of \$1 billion a year. It's a very inefficient spend, because we're spending a lot of that money on running large television and radio networks, and they pay for lots of different things. My view is that public broadcasting doesn't really suit the media market and the technological environment that we have. It was created in an era where there was an absolute scarcity of media content. Now the problem is—if there's a problem—there's too much media. The idea that a public broadcaster is the solution to both media scarcity and media abundance just doesn't hold true. If you believe that the ABC has some specific public policy value, I think we can get it cheaper by doing other things...

I think that we should privatise the public broadcaster. I think there are interesting ways that you could do that, but public broadcasting doesn't have a position in the internet era. I understand that the public broadcasters have done a lot of work to try to make sure that they are keeping up and so

31 See, for example, inkl, *Submission 31*, p. 3; Mr Paul Wallbank, Private Capacity, *Committee Hansard*, 17 May 2017, p. 44.

32 *Committee Hansard*, 23 November 2017, p. 29.

forth, but it doesn't make any sense on the rationales of public broadcasting.³³

6.34 Mr Greg Hywood, Chief Executive Officer and Managing Director, Fairfax Media, raised another issue. While clear that he was not opposed to the ABC, Mr Hywood considered that publically funded internet advertising may impinge on commercial interests:

Why taxpayers' funds paid for the ABC—the ABC has moved into online; it has gone into provision of free news online. If that is considered to be within its mandate, perhaps we can accept that. But when they use taxpayers' money to drive their traffic—they do not have any commercial imperative to drive their traffic, but they use dollars to drive their traffic—and they take traffic away from us, traffic is dollars to us. Traffic is dollars, and, if the ABC takes traffic from us by using taxpayers' money to drive that traffic, it is using taxpayers' money to disadvantage commercial media organisations...

We are not anti-ABC. The ABC is part of the Australian community. It has been for many years and does very good work. They are a partner with many stories. It is just aspects of the new world of media where we have to be careful that the decisions that government institutions make do not impinge upon the diversity and the commercial environment that I think we all value.³⁴

6.35 Mr Sunderland addressed this issue directly, suggesting that the ABC's marketing budget was very small, and that advertising through aggregators was an effective way of reaching audiences, and so delivering taxpayers good value for money.³⁵

6.36 Regarding the ABC's success in the online space, and claims its provision of services without paywalls may disadvantage private media companies, Professor Dodd suggested that the ABC's innovation was a positive development and did not prejudice commercial players:

Imagine if Mark Scott, in his tenure at the ABC, had not diversified into new media. Imagine if that hadn't happened 10 or 12 years ago. The ABC would be moribund if not already non-existent. It simply had to make that move. Who's to say when you stop doing that and at what point you continue to be relevant? I find those arguments by its competitors spurious. The ABC is not the problem. The problem is much bigger than the ABC. In fact, it's not even close to being the issue. The issue is that the business models have collapsed around us and there are all sorts of structural things that have to occur now as a result of that. Blaming a competitor who's been savvy enough to see where it needs to be relevant is really pointless.³⁶

33 *Committee Hansard*, 21 August 2017, p. 20.

34 *Committee Hansard*, 17 May 2017, p. 29 and p. 32.

35 *Committee Hansard*, 23 November 2017, pp. 23–24.

36 *Committee Hansard*, 21 August 2017, p. 14.

6.37 To which Associate Professor Margaret Simons added:

I would also point out that the ABC has historically introduced quite a number of innovations around news reporting which have then been adapted by the commercial sector. So it's been of benefit to the commercial sector.³⁷

6.38 The committee also asked SBS to address concerns it may be crowding out private media players and investment in news media. Ms O'Neil stated that SBS' coverage differed from private offerings in crucial ways:

As far as journalism's concerned, I think we play a very distinctive role in the Australian news and current affairs market. I don't think there's any suggestion that our news or our current affairs programs look anything like the offering from our commercial counterparts. We obviously adhere to our charter in all that we do, but news and current affairs...is an area where we definitely look to be very distinctive in the multicultural space.³⁸

6.39 Mr Carroll expanded on this theme, drawing on his experience in both public and private broadcasters:

Having had wide experience across the commercial networks, I think our product is chalk and cheese compared with what they produce on a daily basis. The kinds of stories that we focus on do reflect the diverse nature of the community. We are nationally focused and internationally focused, whereas certainly the commercial TV networks are very focused on local news. So I don't think we're competing in that space with them. Even in the digital environment, I look back at the stories that have worked most effectively for us and, from both a video perspective and a text perspective, these are stories that the commercial players don't run.³⁹

6.40 Dr Alex Wake, an executive member of JERAA, argued that the public broadcasters were not compromised by government investment:

We do have some evidence in there and some references to some reports that have found that government support for public interest journalism does not jeopardise editorial independence, and there has been a long history in many democratic countries of various political persuasions that support media industries, public and private, alongside each other. A 2014 study from the London School of Economics looked at the European Union, the United States, Canada and Australia and found that government support for public interest journalism does not jeopardise editorial independence.⁴⁰

37 *Committee Hansard*, 21 August 2017, p. 14.

38 *Committee Hansard*, 23 November 2017, p. 14.

39 *Committee Hansard*, 23 November 2017, p. 14.

40 *Committee Hansard*, 11 July 2017, pp. 51–52.

The Community Sector

6.41 Mr Jon Bisset, Chief Executive Officer, Community Broadcasting Association of Australia (CBAA), outlined the importance of the community sector, as well as its likely growth given the contractions in other parts of the media:

Our recent listener figures show 5.3 million Australians are listening to community radio each week—a sizeable number of listeners...with about 800,000 listening exclusively to community radio. They are significant figures. There are 450 stations around the country, including faith based, Indigenous, ethnic, print handicapped, youth and seniors stations. There are educational stations and, of course, there are general stations, which include specialist music stations. Our business is growing. I think we've shown growth over the last 10 years in listener numbers but also in other figures.

Importantly to us, the likely reduction in the number of media owners suggests that services offered by community broadcasting are probably only going to get more and more important as time goes on.⁴¹

6.42 The CBAA highlighted particular areas for consideration by the committee, including 'the vital need to continue with digitalisation of radio services into regional communities and to keep up to date with other technological developments'. They also highlighted the need for some surety in future funding beyond the forward estimates.⁴²

6.43 The CBAA outlined the Commonwealth funding received by the sector:

Federal Government funding to support community digital radio was \$3.7M in 2015-16 but dropped to \$2.3M as from 2016-17. In the recent 2017-18 Budget, the Government provided an increase in funding (\$6.1M over two years) which was welcomed by the sector. Whilst this money was extremely helpful the funding uncertainty beyond 2019 for community digital radio continues. The CBAA is working with Government to create a more certain funding environment.⁴³

6.44 The CBAA conceded its role in the provision of news is limited to a single nationally syndicated broadcast, but noted the training role the community sector plays in building future capacity in the industry. This includes its national radio news production, which is produced by journalism students from Charles Sturt University, and which has been recognised in tied Commonwealth funding:

The Community Media Training Organisation, which is a partnership of the sector to deliver vocational training, gets the most of that \$800,000. They are delivering training through stations and directly on a day-to-day basis.⁴⁴

41 Committee Hansard, 22 August 2017, p. 44.

42 *Submission 29*, p. 2.

43 *Submission 29*, p. 4.

44 Mr Jon Bisset, Chief Executive Officer, Community Broadcasting Association of Australia, *Committee Hansard*, 22 August 2017, p. 47.

Potential additional direct Commonwealth support

6.45 The Department of Communications and the Arts provided an overview of the direct mechanisms the Commonwealth already has in place to support the media sector:

A number of Commonwealth programs provide support to companies operating in the media industry. For example, the production and dissemination of Australian content is supported by a range of funding programs and tax offsets administered by Screen Australia. The initiatives being developed as part of the Regional and Small Publishers Jobs and Innovation Package are intended to assist these media companies to adapt to the challenges of the contemporary media environment and create new employment opportunities. Previous Governments have also funded initiatives designed to achieve public policy outcomes, including the switchover from analogue to digital television and the retune of digital television channels. The Commonwealth doesn't generally provide concessions to private media companies. However, the Government has pursued a program of reform intended to amend or repeal regulations that impede media companies from competing effectively in a digital media environment.⁴⁵

6.46 However, none of these initiatives directly support the production of public interest journalism.

6.47 The MEAA outlined a number of models for direct subsidies used in Europe to support news media providers, noting many could serve as potential models for Australia. It noted that there has been little suggestion that these measures have politicised the media, or restricted editorial freedom.⁴⁶

6.48 The committee received evidence proposing the establishment of by the Commonwealth of a body that could encourage a healthy news journalism sector, either through the awarding of grants to undertake work, or to assist the development of skills and opportunities for individuals or the industry more generally. Some witnesses and submitters explicitly linked this proposition with the establishment of a levy on aggregators (discussed earlier in this report), which could provide base funding.

6.49 Many supporters of this approach emphasised that this fund should be at arms-length from government, and protected by safeguards, particularly statutory eligibility criteria guaranteeing its independence and obligations to uphold the principle of complete freedom of the press.

6.50 The Public Interest Journalism Foundation (PIJF) recommended a Commonwealth-backed:

45 Department of Communications and the Arts—answers to questions on notice (received 22 December 2017), p. 2

46 *Submission 64*, p. 5. See the earlier chapter of this report that discusses international models.

..independent production fund for public interest journalism..., offering small grants on a competitive basis that takes advantage of online cost structures and market reach. The fund should be designed to encourage innovation and experimentation in digital journalism, especially in regional and rural Australia and for other communities and topics under-served by the market. Such a content fund could also support development of new governance and organisational structures for public interest journalism, given the lack of expertise in these matters among many journalists.⁴⁷

6.51 The MEAA suggested that an independent fund would be most effective if the grants it administered were small, to allow a wide range of innovative approaches to be adopted:

That's where we would say an independent production fund would be of assistance. This fund would not be making enormous grants; in the submission we suggest \$20,000 might be the maximum. That would be sufficient to boost journalistic capacity to do a particular project. That might be done by a freelance journalist or a citizen journalist in partnership with the local newspaper. There are all sorts of different models

The levy could operate, in part, as a media business incubator—providing funds to assist with supporting start up media businesses. If a start-up company is successful, the start-up cash could be repayable via a HELP/HECS type system.⁴⁸

6.52 The MEAA also advocated for direct government subsidies in a number of other areas, including a 'media diversity fund' of between \$50-\$100 million over five years, to give assistance to traditional and new media based on their provision of public interest journalism. It also suggested an industry assistance scheme be set up, which could offer grants supporting retraining, development and innovation in the media industry.⁴⁹

6.53 The PIJF suggested an Australian journalism production fund could particularly target gaps in the Australian market:

We recommend ... a production fund for independent journalism, designed to encourage innovation and experimentation in digital journalism, especially in regional and rural Australia and other under-served communities or areas and for coverage of under-represented topics.

This is not radical idea, although its explicit applicability to journalism is new. We believe this kind of support for news media is a logical extension of measures that have already been applied to other kinds of Australian content...⁵⁰

47 *Submission 13*, p. 3.

48 *Submission 64*, p. 2. Note the arguments for and against a levy on aggregators can be found earlier in this report.

49 *Submission 64*, pp. 22–23.

50 *Submission 13*, p. 14.

6.54 While acknowledging that some concerns could arise around the independence of a fund, Professor Simons suggested defended the concept as one that was worth considering, and pointed to specific examples that could serve as models:

I think [concern over an independent fund] is a real concern, but I also think it's one where we have quite well established mechanisms in a number of areas of Australian society to address. An example is the Australian Research Council, which has a peer-judged, arm's-length process, and another is the Australian Broadcasting Corporation. Of course, there are occasional controversies around independence...but by and large it works well. The Australia Council for the Arts and Screen Australia—all of these have mechanisms. It really comes down to your criteria and then the people that you appoint to make the decisions. There are ways of doing that where those concerns could be managed. They are real concerns.⁵¹

6.55 The MEAA advocated for such a fund to be created through a levy imposed on aggregators:

MEAA would suggest the independent distribution of a levy is crucial for its success. A levy would need to have a structure with transparency, plus guidelines and assurances of independence and perhaps, would operate much like a blind trust in terms of its distributions. There would also need to be a considerable discussion with the industry and with MEAA about a distribution mechanism that it would guarantee ongoing editorial independence.

6.56 Professor Simons agreed that a levy (of some description) could be appropriate, given that aggregators are not currently bound to support the production of local content:

It would be possible, whether you called it a tax or a levy, to require these new publishers—these new broadcasters—to contribute to a fund to support Australian content, of which, as we previously said, journalism would be one very important kind. Do you call it a tax or not? I don't know, but it's an established principle that commercial organisations in Australia meet Australian content standards.⁵²

6.57 The JERAA proposed that the Commonwealth could invest in another model:

...an endowment fund for journalism education, with contributions from both government and philanthropic bodies, to support public interest journalism projects housed and administered by journalism and media schools in Australian universities...⁵³

51 *Committee Hansard*, 21 August 2017, p. 11.

52 *Committee Hansard*, 21 August 2017, p. 10.

53 Dr Colleen Murrell, Co-Secretary, Journalism Education and Research Association of Australia, *Committee Hansard*, 11 July 2017, p. 48.

6.58 The committee also notes the suggestion from Nolan *et al* that a positive model for distributing grants to undertake reporting projects may be found in the US not-for-profit sector, where private-university partnerships had found a way to allocate grants without compromising the recipients, as discussed in an earlier chapter.⁵⁴

Opposition to direct subsidies

6.59 Other perspectives expressed skepticism about this proposal. Some saw it as being impractical to implement without compromising the independence of the media. Others observed that—even if the direct subsidy model had been successful in other parts of the world—Australians would prefer indirect support mechanisms for the industry, rather than direct government intervention.

6.60 For example Schwartz Media highlighted a range of potential flaws in the distribution of grants by a government body:

A system of distributing funding to the media via grants councils has been introduced in parts of Europe and proposed on occasion in Australia. In our view, this is the option least likely to encourage self-reliance or independence in the media sector, and the most likely to cause controversy (due to the reliance on human decision-making—in both funding matters and management appointments etc).⁵⁵

6.61 Mr Hywood bluntly told the committee: 'We do not want handouts. What handouts do is provide obligation'.⁵⁶ Reflecting on direct support for media in France, he suggested:

[The French] have a very different community than we do. In terms of the context of this decision, anything that provides obligation to government provides some potential conflict for journalists because government usually is at the pointy end of the most controversial journalism, and that is something that we want to steer clear of.⁵⁷

6.62 Dr Berg, IPA, agreed that any direct subsidies to media had significant risks of compromising editorial independence and free speech:

This is one of the big problems that you're going to have with any intervention in the media market. The perception of a lack of independence or a perception of bias is going to taint almost any recommendation you make. On the more macro level, I think that's why government should stay away from this as much as possible. These things can (a) give the perception of corrupting public debate and (b) give the reality of threatening freedom of speech.⁵⁸

54 *Submission 30*, p. 20. See following chapter for a discussion of these models.

55 *Submission 10*, p. 3.

56 *Committee Hansard*, 17 May 2017, p. 21.

57 *Committee Hansard*, 17 May 2017, p. 29. See also Ms Megan Brownlow, *Committee Hansard*, 11 July 2017, p. 4.

58 *Committee Hansard*, 21 August 2017, p. 20.

6.63 Ms Maguire, HuffPost Australia, also pointed out that it would be difficult to guarantee the integrity of direct Commonwealth funding for media organisations

A lot of thought and work would need to be put into what kinds of strings were attached to those [proposed] grants. The difficulty is that, for anything that is publicly funded by the government, the government is going to have some kind of agenda about the outcome of the reporting. The danger is that, perhaps, journalists will feel that they have to earn that keep from the government. It sounds nice, but there are a lot of potential pitfalls, in my view.⁵⁹

6.64 One example of government-administered grants is the proposal for ACMA to oversee the government's new innovation fund. Information provided on notice by the government to the committee states:

The Regional and Small Publishers Innovation Fund will be administered by an independent statutory body, the ACMA. This will ensure that decisions regarding the allocation of grants through the Fund funding will be made at arms-length from Government. In undertaking these functions, the ACMA will be advised by an Advisory Committee comprising, at a minimum, a representative from each of the Australian Press Council, the Walkley Foundation and Country Press Australia.⁶⁰

6.65 In November last year, Mr Graham, Publisher and Editor, New Matilda; General Manager, National Indigenous Radio Service, speculated to the committee:

If [the innovation grant program] is administered by ACMA, for example, I wouldn't go anywhere near it because ACMA is an arm of government. It may be comparatively independent, but it is an arm of government.⁶¹

6.66 Ms Megan Brownlow, Partner, PwC, made the point that any potential government intervention in the media market—whether direct or indirect—should first be modelled by government, and made a similar point to Mr Hywood, above, in respect of cultural approaches to government interference::

I think unless you quantify the outcome of those two alternatives, you could not make an informed decision between the two. They are both really interesting measures that could be explored. Given that there is precedent in other territories, that would provide inputs to actually model that and check if it is the right solution. Then you would have to overlay what the Australian culture suggests. Unlike the US, we do not have a strong system of high profile philanthropists. So, potentially, one of the solutions—that philanthropy solution—might not work here. We do not have a Jeff Bezos to buy a newspaper. The other cultural difference with us is we are probably more averse to having overt government intervention in the way the French

59 *Committee Hansard*, 17 May 2017, p. 53.

60 Department of Communications and the Arts—answers to questions on notice (received 22 December 2017), pp. 2–3.

61 *Committee Hansard*, 22 November 2017, p. 13.

system has set up. So you would have to combine using the precedent with understanding what our local market is. But all of these potential solutions would be really good to explore to solve the problem.⁶²

6.67 The Walkley Foundation submitted that it was already in the process of creating the Walkley Incubator and Innovation Fund to support independent journalism, funded by private donations, including from aggregators. It indicated that this fund would be overseen by a diverse panel of journalists, and provide grants for independent investigations and reporting, and mentoring opportunities for recipient journalists.⁶³ The Walkley Foundation outlined what this fund would do:

First, inspired by the few successful media funds and accelerators in the US and Germany, and INN, we hope to cultivate a robust, collaborative community of journalistic innovators, especially those focused on mission-driven or local coverage; provide training, particularly across digital, data, investigations and business skills; be a hub for best practices and lessons learned; encourage joint fundraising; and establish common standards for ethical journalism. Second, we aim to send a handful of journalistic startups—both nonprofits and for-profits—through an intensive accelerator launchpad program with design reviews and pitches to venture capitalists or other funding sources to maximise their sustainability.⁶⁴

Education

6.68 A number of witnesses and submitters suggested that the Commonwealth should be more proactive in looking to strengthen digital media literacy. It was suggested that this could be done at all levels of the education system from primary to tertiary.⁶⁵

6.69 For example Ms Saffron Howden, Editor, Crinkling News told the committee that there was a need to inculcate good critical thinking skills regarding media from a young age through the national Australian Curriculum. She argued:

The role of the news, media and journalism in civil society is most often considered in an adult context. My own view is that we must take a much broader approach to the challenges currently facing journalism and the impact those challenges are having on democracy and the ability of individuals to make informed decisions as citizens. In order to address the creeping influence of so-called fake news, alternative facts, clickbait and a selection by social media platforms of the information to which we are all exposed, we need to start educating children at a young age. In short, we need to develop media literacy in Australia.⁶⁶

62 *Committee Hansard*, 11 July 2017, p. 4.

63 *Submission 66*, p. 15.

64 *Submission 66*, p. 15.

65 See, for example, Dr Colleen Murrell, Co-Secretary, Journalism Education and Research Association of Australia, *Committee Hansard*, 11 July 2017, pp. 48–49.

66 *Committee Hansard*, 17 May 2017, p. 1.

6.70 A junior contributor to Crinkling News, Miss Diya Mehta, confirmed to the committee that her peers at school would benefit from deeper digital literacy:

As someone in high school, I see all the time that people my age, because we get a lot of our news through the funnel of social media, do not know the difference. They do not have the skills to delineate the difference between a good news story and fake news or clickbait. When it is funnelled through the channel of social media, it is so easy to get distracted by all of the noise surrounding journalism. It is readily available, all of these misleading articles. If we cannot equip kids from a younger age, then those skills do not exist when you transition into the world of adult news. That is a serious problem.⁶⁷

6.71 Associate Professor Romano suggested that the Commonwealth could achieve this objective through minor amendments to the national curriculum:

Recognising that fact checking isn't always the answer and it's not always possible to occur in the kinds of time frames that it would be most effective, we do support digital media literacy in schools because our young people are enormous users of new and social media. We don't need an overhaul of the curriculum or to crowd out the existing curriculum. We would be looking at those existing classes that all the students already do—English, science, maths, geography, history and all those types of classes—and simply enhancing that curriculum. When students are doing what they already do—looking for information—they are assessing which information sources are the best ones to use: 'Are those information sources reliable? When do we need to cross check?' And it is having a little bit of appetite for the information. Just those simple tweaks of the curriculum could help to increase literacy amongst them.⁶⁸

6.72 One submitter pointed out what he considered a flaw with embedding digital media skills in an education system. Mr Harley Comrie, a Research Intern at the Australian Strategic Policy Institute, noted:

Attacking the fake news problem from the demand angle is very difficult. Media literacy training has had underwhelming effects. Educational programs tackling the fake news issue are essentially efforts to improve critical thinking skills, which is already a key aim of primary, secondary and tertiary education.¹⁵ A brief quiz administered through social media is not enough to solve the fake news problem, and any other form of mass-education is too expensive. Education simply does not present any effective policy options for the Australian Government to pursue that could be effectively implemented before our next election.⁶⁹

67 *Committee Hansard*, 17 May 2017, p. 7.

68 *Committee Hansard*, 11 July 2017, p. 50.

69 *Submission 72*, pp. 3–4.

6.73 A number of other proposals were suggested by submitters, including the idea that an education campaign could be undertaken, to assist the public to refine their skills to identify and interrogate 'fake news'.⁷⁰

Committee view

Australia's Public Broadcasters

6.74 The committee heard divergent opinions on Australia's public broadcasters. On one hand, some evidence argued they were unfairly crowding out commercial players from the market, including in the online space, that they should only focus on instances of market failure, such as in regional and rural areas, or that they should be privatised.

6.75 On the other hand, a far greater amount of evidence spoke of how public broadcasters enriched our national media environment as a provider of first class journalism. On balance, evidence indicated that Australia's public broadcasters complemented—rather than competed with—commercial players, and were an invaluable training ground for future capacity in the industry.

6.76 Moreover, it is clear Australians trust the ABC more than any other media organisation to accurately and fairly reflect the news they need to know.

6.77 On the eve of the 2013 election, the Hon Tony Abbott MP, then the leader of the opposition, claimed his government would make no cuts to the ABC and SBS. However, the Coalition government has presided over five years of cuts has seen around \$355 million of cuts to the operational budget of the ABC in 2014, and more in successive budgets.

6.78 These unprecedented cuts to the public broadcasters have reduced their capacity across the board, including in current affairs, investigative journalism and in providing local news across Australia, at a time when Australian need access to reliable news more than ever before.

6.79 The committee is also concerned about the increasing politicisation of our public broadcasters. Accusations of bias seem to have become more frequent in recent years, with the ABC accused in some cases of working against our national interest or being 'un-Australian'. On this point, the committee notes the bill currently before the Senate proposed by Senator Pauline Hanson that would alter the ABC's charter to require it to be 'fair' and 'balanced', which was introduced into Parliament by the Minister for Communications and the Arts, Senator the Hon Mitch Fifield.

6.80 This bill is currently being considered by the Environment and Communications Legislation Committee, so this committee will not make extensive comment here. However, it will note that this proposed legislation is clearly a blatant political attack on the ABC, for no real public policy rationale or public good.

6.81 The committee reaffirms the importance of Australia's public broadcasters to our media landscape, particularly the ABC as one of our most trusted national

70 See, for example, Ms Elizabeth Murray, *Submission 71*, p. 8; inkl, *Submission 31*, p. 1.

institutions, and that government should support both their capacity to report in the public interest and their journalistic independence.

Recommendation 1

The committee recommends that the ABC and SBS be funded adequately, so that they can deliver on their charter obligations, support rural and regional service provision and have a strong fact checking capacity.

Community broadcasters

6.82 The committee heard evidence that the community sector is a vibrant part of Australia's media landscape that contributes not only to diversity, but also the provision of services in regional and rural areas, and also to the training of future generations of journalists and the industry more broadly.

Recommendation 2

The committee recommends that the Commonwealth provide additional surety in future funding for the community broadcasting sector beyond the forward estimates, in particular what component will be set aside for training and education, and ensure that the sector is fully consulted in the national rollout of digital services.

Education

6.83 Regarding Australia's education system, the committee heard that relatively minor changes to the national Australian Curriculum could help strengthen the critical thinking skills of future generations of Australians.

6.84 The committee acknowledges that education is primarily the responsibility of the states and territories. However, there may be some opportunity for the Commonwealth to engage jurisdictions in a conversation about whether the curriculum could be strengthened in this area, not just in relation to fake news, but also in digital media literacy more generally.

Recommendation 3

6.85 The committee recommends that the Commonwealth work with the states and territories through the Council of Australian Governments to determine how areas of the Australian Curriculum may be improved regarding digital media awareness and media literacy.

Grants or subsidies for producing Australian content, including journalism

6.86 The committee received a good deal of evidence supporting a Commonwealth-funded body at arms-length from government that could distribute funds to support public interest journalism in Australia. A number of potential models were suggested, as was a wide range of potential recipients, including smaller organisations and individuals working in the field. Similarly, whereas some suggested such a body could be used for education and training, others saw its potential role as administering direct grants.

6.87 As well as evidence in support, the committee also received substantial evidence that government administration would not be practicable without compromising the independence of any recipients, and any other parts of the industry that benefited from subsidies. It seemed to the committee that the concept would be similarly opposed even if the body was established as a completely independent statutory body at arms-length from government.

6.88 The committee understands that such models can be found in other parts of the world, where they operate with great success in supporting both the media sector generally, as well as specialist or minority news media more specifically.

6.89 However, as many witnesses noted, there may not be the appetite for such direct government intervention in the sector in Australia. Rather, it seems to the committee that—apart from what the kinds of assistance the Commonwealth already offers the public and community broadcasters—indirect modes of assisting the sector may be both more popular to the general public, and also more effective in offering support to the sector. Some indirect measures that could be considered by the Commonwealth to assist industry are considered in the following chapter.

6.90 The committee agrees with Ms Brownlow's advice that any measures considered by the government—whether direct subsidy or indirect assistance—should be subject to rigorous modelling and be assessed and implemented with a view to the experiences and lessons in other countries.

6.91 The following chapter will consider potential indirect support to the media sector. In particular, the chapter will discuss potential reforms to taxation settings that could encourage healthy and sustainable business models in the sector, and outline some other potential reforms that could improve the legal environment in which journalists operate.

