

## Annexure K—Subsidies and support for the news media

### Introduction

1. Many governments have provided subsidies and other support to the news media. This appendix describes that support as well as other proposals that have been made to maintain a competitive news industry<sup>1</sup>.

### Australia

2. In 1825 legislation setting up a postal office in New South Wales enabled newspapers to be delivered at a heavily discounted rate. The colonial authorities recognised the contribution the press could make to an emerging society by promoting greater literacy and disseminating news and information<sup>2</sup>. Further legislation enacted in 1835 was aimed at overcoming newspapers being delivered late, irregularly or ‘well fingered by those who had read them en route’: it enabled newspapers to be posted for free<sup>3</sup>. The subsidy ‘greatly aided’ newspaper production, according to one historian. In 1828 35 000 newspapers had been distributed inland from Sydney; two decades later the figure was 1.3 million<sup>4</sup>.
3. Early on, the revenue foregone by the Post Office in NSW was modest 430 pounds annually—but by 1890 it came to 40 000 pounds annually, which aggrieved the Post Office:

*It appears to us manifestly unjust that, without enjoying rateable advantages, any one portion of the community should contribute by taxation for the amusement, luxury or instruction of any other portion.*<sup>5</sup>

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<sup>1</sup> For further discussion of press subsidies see, Daniel C Hallin and Paolo Mancini, *Comparing Media Systems: Three Models of Media and Politics* (Cambridge University Press, 2004) 162; Victor Pickard ‘Can Government Support the Press? Historicising and Internationalizing a Policy Approach to the Journalism Crisis’ (2011) 14(2) *The Communication Review* 73, 80-81.

<sup>2</sup> Julianne Schultz, *Reviving the Fourth Estate. Democracy, Accountability and the Media* (Cambridge University Press, 1998) 36.

<sup>3</sup> Allan Brown, *Commercial Media in Australia: economics, ownership, technology and regulation*, (University of Queensland Press, 1986) 54-54.

<sup>4</sup> R B Walker, *The Newspaper Press in New South Wales 1803-1920*, (Sydney University Press, 1976) 55.

<sup>5</sup> Henry Mayer, *The Press In Australia* (Lansdowne Press, 1964) 18.

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By 1962 the bulk rate concession for newspapers, periodicals and books was worth 2.5 million pounds annually according to the Postmaster-General's Department<sup>6</sup>. Two decades later, the estimated revenue foregone for subsidising newspapers only was \$4.2 million annually<sup>7</sup>.

4. Subsidised delivery of newspapers extended to the railways in 1874 when by ministerial arrangement the Post Office in NSW paid the Railways Commissioners so that newspapers could be delivered direct to the railways and freighted free of charge throughout the colony in New South Wales<sup>8</sup>. In 1881 the Southern Railway was extended to Albury which meant newspapers from Melbourne could reach places such as Junee, in NSW, before those arriving from Sydney if special early morning trains could be scheduled and freight provided free of charge to the newspaper companies. This spurred interstate rivalries as well as arguments about free trade and protection. Estimates of the revenue foregone ranged between 40 000 and 100 000 pounds annually, leading to the abolition of free carriage in 1901<sup>9</sup>. It was replaced by discounted rates: in 1902 owners of Sydney metropolitan daily newspapers paid a third of the standard price for their deliveries by rail<sup>10</sup>.
5. Development of the telegraph cable in the mid-nineteenth century rapidly improved speed of communications, first within Australia and then overseas. The cables were funded by governments and, to an extent, by private entrepreneurs. As with post and rail, the newspapers benefited from large discounts on the rates they paid for cable transmissions. Early charges of 10 shillings a word gradually dropped to one shilling a word by 1902. Where in 1872 the newspapers had been able to afford to receive 50 words a day, by 1908 the average newspaper could receive 700 words by telegraph<sup>11</sup>.
6. The Commonwealth Press Union, formerly the Empire Press Union, is a peak body representing newspaper executives. It lobbied Imperial governments successfully for a flat

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<sup>6</sup> Ibid 70 n 5.

<sup>7</sup> Allan Brown, *Commercial Media in Australia: economics, ownership, technology and regulation*, (University of Queensland Press, 1986) 36; See also K Wiltshire and C Stokes, *Government Regulation and the Printed Media*, (Committee for Economic Development of Australia, Monograph no M50, 1977).

<sup>8</sup> R B Walker, *The Newspaper Press in New South Wales 1803-1920*, (Sydney University Press, 1976) 197.

<sup>9</sup> Henry Mayer, *The Press In Australia* (Lansdowne Press, 1964) 19-20.

<sup>10</sup> R B Walker, *The Newspaper Press in New South Wales 1803-1920*, (Sydney University Press, 1976) 197.

<sup>11</sup> Ibid 203.

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- penny-a-word rate for cable telegrams to newspapers in the early decades of the twentieth century. The rate remained unchanged for many years, and represented a 95 per cent discount. By the early 1960s, the revenue foregone by the British Post Office on international cables was about 750 000 pounds annually<sup>12</sup>.
7. The biggest single cost of production for newspapers is newsprint. In Australia, the newsprint industry was established with substantial government assistance in the form of forest concessions in Victoria and Tasmania, capital investments in South Australia and Tasmania and, in Queensland, a subsidy to build a weir to supply water to a mill<sup>13</sup>.
  8. Beginning in 1976 the federal government introduced a subsidy on the cost of transporting newsprint from Tasmania to the mainland. Under the freight equalisation scheme, the cost to newspaper companies of shipping newsprint from Australian Newsprint Mills in Tasmania or transporting it by land over comparable distances was equalised. According to the Department of Transport the value of the payments for newsprint shipments was \$2.9 million in 1976–77 and had risen to \$4.3 million by 1982–83<sup>14</sup>. This assistance continues under the Tasmanian Freight Equalisation Scheme.
  9. Today, the federal government's most extensive commitment to the news media is to public broadcasting. It devotes close to \$1.2 billion annually to the two main public broadcasters in Australia. The Australian Broadcasting Corporation's funding from the federal government for the most recent financial year, 2010–11, was \$972.6 million. It earned a further \$183 million in that period from commercial activities mainly through its ABC Shops<sup>15</sup>. For the same financial year the Special Broadcasting Service (SBS) received \$211.7 million from government and earned \$98 million in revenue, primarily from advertising on its network<sup>16</sup>.

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<sup>12</sup> Henry Mayer, *The Press In Australia* (Lansdowne Press, 1964) 56.

<sup>13</sup> *Ibid* 63.

<sup>14</sup> Allan Brown, *Commercial Media in Australia: economics, ownership, technology and regulation*, (University of Queensland Press, 1986) 33.

<sup>15</sup> Australian Broadcasting Corporation *Annual Report 2010/11* (2012) 153 <[www.abc.net.au/corp/annual\\_reports/ar11/](http://www.abc.net.au/corp/annual_reports/ar11/)>.

<sup>16</sup> Special Broadcasting Service *SBS 2010-2011 Annual Report*, 68.

<[www.sbs.com.au/aboutus/corporate/view/id/111/h/Annual-Reports](http://www.sbs.com.au/aboutus/corporate/view/id/111/h/Annual-Reports)> (2011) 68.

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### Austria

10. Austria has an extensive range of subsidies for its newspapers, focused on supporting the industry, preserving diversity and promoting quality. The Austrian Communications Authority (KommAustria) distributes federal press subsidies in consultation with the Press Subsidy Commission.
11. The policy justification for this extensive support is that Austria's press industry is vulnerable to neighbouring Germany's larger newspaper companies<sup>17</sup>.
12. In Austria there are general subsidies for daily and weekly newspapers and special subsidies for regional newspapers. The value of the general subsidies is the same for all eligible daily papers, but is cut if a publisher has multiple eligible papers. For weekly papers the amount is calculated according to the number of subscription sales and issues per year<sup>18</sup>. In 2006 Austria distributed 4.5 million euros in these subsidies, 54 per cent of which went to daily newspapers<sup>19</sup>.
13. The special subsidies are for the preservation of diversity in regional newspapers. To be eligible for this subsidy a paper must not be a market leader, sell fewer than 100 000 copies per issue and devote less than 50 per cent of their annual volume of pages to advertising. Each eligible paper receives the same base amount (500 000 euros) with the remaining money from the budget distributed according to sales and number of issues<sup>20</sup>. A total of 6.6 million euros in special subsidies was distributed in 2006<sup>21</sup>.
14. Austria also funds 'measures to promote quality and secure the future of the press'. There are subsidies to daily and weekly newspapers for training new young full-time journalists (up to 33 per cent of the cost, capped at 20 000 euros per year) and employing foreign correspondents (up to 50 per cent of the cost, capped at 40 000 euros). There is

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<sup>17</sup> Peter Humphreys, *Mass Media and Media Policy in Western Europe*, (Manchester University Press, 1996) 91.

<sup>18</sup> Isabel Fernandez Alonso et al (eds) 'Press Subsidies in Europe' (Proceedings of the 'Symposium Press Subsidies in Europe: Development, Pluralism and Transparency, Barcelona 2006, Institut de la Comunicacio, 2006) 90.

<sup>19</sup> *Ibid* 92.

<sup>20</sup> *Ibid* 92.

<sup>21</sup> *Ibid* 92.

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reimbursement of costs of providing newspapers free of charge to schools<sup>22</sup>, and funding of up to 50 per cent of research projects contributing to the development of the press.

Examples of funded projects have been on self-regulation, copyright and electronic archives, regional media market research and changes in journalistic working conditions<sup>23</sup>.

15. In 2006, Austria distributed 12.8 million euros of subsidies to its press sector. Of this, 4.5 million went in distribution subsidies (2.4 million to daily and 2.1 million to weekly publications), 6.6 million in the special subsidy for the preservation of diversity, and 1.7 million in 'measures to promote quality and secure the future'<sup>24</sup>.
16. As noted above, most of these subsidies are available only to daily and weekly newspapers. To be eligible, a newspaper must:
  - provide political, economic and cultural information
  - predominantly consist of articles by the paper's own editorial staff
  - not be primarily an advertising vehicle or press organ of an interest group
  - not be local in its interest, with circulation to a single province
  - have been in production for more than six months
  - be sold at a market price.
17. Additional requirements of minimum numbers of sales (10 000 for daily, 5000 for weekly), issues (240 daily, 41 weekly) and journalists (six daily, two weekly). There are exemptions to some of these conditions for newspapers for non-German speaking national minorities.

## Belgium

18. Belgium has a long history of support for the media to ensure 'the greatest possible diversity within the daily press'<sup>25</sup> and encourage the reading of the press among students in primary, secondary and specialised schooling.

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<sup>22</sup> Ibid 91.

<sup>23</sup> Ibid.

<sup>24</sup> Ibid 92.

<sup>25</sup> Rodney Benson and Matthew Powers, *Public Media and Political Independence: Lessons for the Future of Journalism from Around the World* (Freepress, 2011) 20.

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19. Indirect support for the newspaper sector in Belgium takes many forms and is organised by the federal government. Since 1963, Belgian law has recognised the status of a professional journalist, which attributes certain advantages to the recipient—including a press card, a pass granting access to restricted areas and discounts for public transportation and air travel with Brussels Airlines. Newspapers and magazines are transported at a favourable rate. In 1990 the value of this assistance was estimated at around 54.5 million euros annually. All newspapers and magazines with informative content for the general public that appear at least 50 times a year are exempt from the Value Added Tax (VAT)<sup>26</sup>.
20. Under a law passed in 1988, direct government support is provided by the cultural community governments of Belgium. The Flemish Community government provides an annual public subsidy of 1.4 million euros to improve the quality of press writing (900 000 euros) and promote reading of the press (500 000 euros)<sup>27</sup>.
21. The Francophone Community provides direct subsidies (6.4 million euros in 2006) to newspapers published in French ‘on paper with the help of a rotary press, with at least 200 paid editions per year, containing at least 16 pages of information, analysis and comment on political, economic, social, sporting, scientific and cultural matters, at national, international, community or regional level’ and complying with sectoral collective agreements. These subsidies are directed at:
- the employment of fulltime professional journalists
  - titles or groups with low advertising revenue
  - the creation of new titles
  - encouraging the reading of the press
  - adaptation of new technologies<sup>28</sup>

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<sup>26</sup> Karen Raeymaeckers, Els De Bens, Steve Paulussen, Annelore Deprez and Yannis Tenret ‘Media landscape: Belgium’ 8 November 2010 *European Journalism Centre* <[www.ejc.net/media\\_landscape/article/belgium/](http://www.ejc.net/media_landscape/article/belgium/)>.

<sup>27</sup> Isabel Fernandez Alonso et al (eds) ‘Press Subsidies in Europe’ (Proceedings of the ‘Symposium Press Subsidies in Europe: Development, Pluralism and Transparency, Barcelona 2006, Institut de la Comunicacio, 2006) 60.

<sup>28</sup> *Decree of 31 March 2004 (France), Relative to aid assigned to the daily Francophone press and to development of daily Francophone press initiatives for schools* quoted in Ibid 61-62.

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22. Additionally the Francophone community provides an annual funding package of around 420 000 euros for initiatives promoting press circulation in schools, including providing newspapers and funding the visits of journalists to schools.

### Finland

23. Since the early 1970s, all newspapers in Finland are exempt from the VAT and enjoy reduced rates of delivery. This support is currently valued at around \$US400 million per year.
24. Traditionally, Finland used subsidies to keep politically-oriented newspapers afloat to ensure diversity. This system ended in 2008<sup>29</sup>.
25. As of 2009 Finland provides<sup>30</sup>:
- \$US700 000 in direct subsidies to minority language (Swedish, Sami and Romani) publications
  - \$US1.4 million in direct subsidies to 150 cultural and opinion journals.

### France

26. France has the oldest and probably the most complicated system of press support in Western Europe<sup>31</sup>. Direct intervention in the press industry dates back to 1944 when the then Tripartite government, believing that a laissez-faire approach between the wars had led to domination of the press by capitalist financiers, provided aid to 'foster pluralism among newspaper titles'<sup>32</sup>.
27. According to the Directorate for Media Development, a dependent body of the Ministry of Culture and Communication, the main aims of France's press support system are threefold<sup>33</sup>.

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<sup>29</sup> Rodney Benson and Matthew Powers, *Public Media and Political Independence: Lessons for the Future of Journalism from Around the World* (Freepress, 2011) 29.

<sup>30</sup> Ibid 30.

<sup>31</sup> Isabel Fernandez Alonso et al (eds) 'Press Subsidies in Europe' (Proceedings of the 'Symposium Press Subsidies in Europe: Development, Pluralism and Transparency, Barcelona 2006, Institut de la Comunicacio, 2006) 65.

<sup>32</sup> Peter Humphreys, *Mass Media and Media Policy in Western Europe*, (Manchester University Press, 1996) 104.

<sup>33</sup> Isabel Fernandez Alonso et al (eds) 'Press Subsidies in Europe' (Proceedings of the 'Symposium Press Subsidies in Europe: Development, Pluralism and Transparency, Barcelona 2006, Institut de la Comunicacio, 2006) 65–66.

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- Promoting circulation (21.7 million euros in 2005) by:
    - reduced national rail service costs
    - support for decentralised printing
    - support for distribution and promotion overseas
    - support for home delivery by means other than post
    - support for regional and local weekly publications
    - support for the national distribution of daily general and political information press.
  - Promoting diversity/pluralism (8 million euros in 2005) by:
    - additional support for national daily general and political information press with low advertising income
    - additional support for regional, provincial, local, general and political information press with low advertising income.
  - Modernising and diversifying media companies to incorporate a multimedia dimension (47.7 million euros in 2005) by:
    - support for the development of online services in newspapers
    - support for the modernisation of production and distribution of national daily general and political information publications.
28. A further category of subsidies is for specific projects that are determined by a committee with 50 per cent representation from government and 50 per cent from media companies. A second committee consisting of representatives of the Audit Office, Ministry of Culture and Communication, and the Ministry of Economics ensures that funding is used for its assigned purposes.
29. There is also indirect support in the form of<sup>34</sup>:
- preferential postal rates
  - a lower rate for the VAT

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<sup>34</sup> Ibid 66–67.

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- tax relief
  - waiving of professional taxes for publishers
  - promotion of newspaper reading, including support for the development of online interactive blog-style content allowing students to express their views on current issues with the agreement that the best contributions will be published in print.
30. In 2008, the crisis in the news media's business model prompted the French government, after lengthy consultation, to announce additional measures for the current economic crisis that were to cost 600 million euros over three years. This includes:
- a ninefold increase in funding for home delivery of newspapers (now 70 million euros)
  - free weekly newspaper subscriptions for 18–24 year olds
  - extensive grants (20 million euros) for newspapers to develop their websites and to support online-only news outlets<sup>35</sup>.

## Italy

31. Subsidies were introduced in 1975 by a government concerned that the nation's press had come to be largely owned by major external corporations. The government aimed to promote pluralism in the industry. By calculating subsidies according to circulation, however, the biggest press owners were the main beneficiaries of the state's subsidy scheme, even though newspapers affiliated with political parties also benefited. In the 1980s Italy shifted to a system aimed more at newspaper cooperatives, cultural publications and party papers, but, according to one scholar, 'fairly indiscriminate indirect aid continued to flow to the Italian press industry at large'<sup>36</sup>.
32. From 1990 a new scheme was introduced. To be eligible for subsidies, a newspaper must<sup>37</sup>:
- be primarily informational and published as a periodical

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<sup>35</sup> Rodney Benson and Matthew Powers, *Public Media and Political Independence: Lessons for the Future of Journalism from Around the World* (Freepress, 2011) 34.

<sup>36</sup> Peter Humphreys, *Mass Media and Media Policy in Western Europe*, (Manchester University Press, 1996) 104-105.

<sup>37</sup> *Law No. 250 of 7 (1990) art 3(3) (Italy)*

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- have been established for at least three years, or have published an eligible publication for at least five years
- not generate advertising revenue exceeding 40 per cent of total operating costs.

33. Subsidies consist of<sup>38</sup>:

- a fixed annual amount equal to 30 per cent of operating costs (capped per company)
- a variable contribution based on circulation figures.

34. The budget for these subsidies is set by the Minister of the Treasury.

### The Netherlands

35. Between 1972 and 2005, press support in the Netherlands was heavily focused on providing assistance to struggling organisations to make them profitable. Decisions about assistance are made by the Press Fund, a board appointed by royal decree on the recommendation of the Minister for Culture. The board is provided with a budget approved by the Minister for Culture and drawn from a four per cent tax on advertising on both public service and commercial television<sup>39</sup>.

36. Assistance is provided in the form of temporary loans, credit facilities or subsidies for reorganisation or restructuring purposes to make the publication profitable in the near future.

37. To be eligible a newspaper must<sup>40</sup>:

- shape readers' political opinions by providing news, commentaries and background information about a range of aspects of contemporary society
- be compiled by 'an independent editing team on the basis of a statute expressing their editorial identity of that press product'<sup>41</sup>

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<sup>38</sup> *Law No. 250 of 7 (1990) art 3(8) (Italy)*

<sup>39</sup> Lou Lichtenberg, 'State Aid to the Press in International Perspective: the Dutch Case' in Isabel Fernandez Alonso et al (eds) 'Press Subsidies in Europe' (Proceedings of the 'Symposium Press Subsidies in Europe: Development, Pluralism and Transparency, Barcelona 2006, Institut de la Comunicacio, 2006) 107, 109.

<sup>40</sup> *Ibid* 110.

<sup>41</sup> *Ibid*.

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- be available for sale, not a free newspaper
  - have its continued existence threatened, and be unable to obtain support elsewhere.
38. In the period 1972–2005 the Press Fund distributed a total of 55 million euros in grants and 19 million euros in loans<sup>42</sup>.
39. Between 1981 and 1990, the Netherlands also had a ‘Temporary Compensation Measure for Dailies’ which acted to ensure diversity in the marketplace. When this measure was discontinued in 1990 the most unsustainable newspapers rapidly disappeared. In 1990 the three major news organisations had a 45 per cent share of total circulation. This figure is now 90 per cent<sup>43</sup>.
40. In 2007 the Press Fund changed to a more active policy of supporting research and innovation.
41. In 2009 the Ministry of Culture approved an increase in the Press Fund’s budget to 8 million euros with provisions to fund ‘experiments in cross platform and multimedia journalism as well as research into the quality of journalism’.
42. The Netherlands government also allocated new funds to support the hiring of up to 60 new young journalists in the sector<sup>44</sup>.

## Norway

43. Norway provides assistance to ensure diversity and competition in the industry. Norway’s population of 4.6 million is distributed over 431 local communities, almost half of which have their own newspaper<sup>45</sup>.

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<sup>42</sup> Rodney Benson and Matthew Powers, *Public Media and Political Independence: Lessons for the Future of Journalism from Around the World* (Freepress, 2011) 45.

<sup>43</sup> Lou Lichtenberg, ‘State Aid to the Press in International Perspective: the Dutch Case’ in Isabel Fernandez Alonso et al (eds) ‘Press Subsidies in Europe’ (Proceedings of the ‘Symposium Press Subsidies in Europe: Development, Pluralism and Transparency, Barcelona 2006, Institut de la Comunicacio, 2006) 107, 111-112.

<sup>44</sup> Rodney Benson and Matthew Powers, *Public Media and Political Independence: Lessons for the Future of Journalism from Around the World* (Freepress, 2011) 45.

<sup>45</sup> Bjørn Tore Østeraas, ‘Press Subsidies in Norway’, in Isabel Fernandez Alonso et al (eds) ‘Press Subsidies in Europe’ (Proceedings of the ‘Symposium Press Subsidies in Europe: Development, Pluralism and Transparency, Barcelona 2006, Institut de la Comunicacio, 2006) 80, 80

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44. Subsidies are directed specifically towards newspapers in a 'difficult market position'<sup>46</sup>.
45. In 2006, direct subsidies were provided to 157 of Norway's 220 'paid-for' newspapers, totalling 36 million euros. This amounted to less than two per cent of the total revenue of the press.
46. The budget for the subsidy is determined annually by parliament. Rates for determining the grant received by each newspaper are set by the Ministry of Culture and Church. The Norwegian Media Authority administers the subsidies<sup>47</sup>.
47. The largest and most important of the press subsidies is the 'production subsidy' which in 2006 was 32.5 million euros provided to 139 qualifying newspapers. To be eligible for this subsidy a newspaper must<sup>48</sup>:
- provide general news (that is, not be focussed on a single issue)
  - adhere to the editors' code, set by the editors and publishers' association
  - grant editorial independence to its journalists<sup>49</sup>
  - not pay dividends to owners
  - not have profits exceeding 220 000 euros per year
  - Not be a free newspaper or an exclusively online publication.
48. More than three in four of the production subsidies go to non-competitive newspapers. These are newspapers that are<sup>50</sup>:
- the number two (or worse) newspaper in their market
  - unable to sustain themselves without the subsidy
  - have a circulation between 2000 and 80 000 copies

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<sup>46</sup> Ibid 81.

<sup>47</sup> Ibid 82.

<sup>48</sup> Ibid 82–83.

<sup>49</sup> Peter Humphreys, *Mass Media and Media Policy in Western Europe*, (Manchester University Press, 1996) 107.

<sup>50</sup> Bjørn Tore Østeraas, 'Press Subsidies in Norway', in Isabel Fernandez Alonso et al (eds) 'Press Subsidies in Europe' (Proceedings of the 'Symposium Press Subsidies in Europe: Development, Pluralism and Transparency, Barcelona 2006, Institut de la Comunicació, 2006) 80, 83.

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- be published three or more times per week.
49. The remaining production subsidies are divided among local newspapers with circulations of less than 6000.
50. There are additional subsidies for<sup>51</sup>:
- Sami and other minority language newspapers
  - compensation for rising mail postage rates
  - certain publications—‘pet publications of members of parliament’
  - support for distribution of newspapers in the remote province of Finnmark
  - media research.
51. All Norwegian newspapers are also eligible for an exemption on the VAT on their sales. The value of this indirect subsidy was 160 million euros in 2005.

## Sweden

52. The system of press subsidies has existed since the beginning of the 1970s. They were introduced to ‘safeguard diversity in the daily newspaper market’<sup>52</sup>.
53. Subsidies are delivered by the Press Subsidies Council. This council consists of a 10-member board, seven of whom are appointed by political parties in the Swedish Parliament. It is chaired by a senior legal official such as a Justice of the Supreme Court<sup>53</sup>.
54. The value of Sweden’s subsidies is around 62.3 million euros per year<sup>54</sup> and is divided into two types, an operational subsidy and a distribution subsidy. Seventy-four of the 168 daily newspapers in Sweden receive an operational subsidy. The size of the subsidy is based on how often and where the newspaper is published. A newspaper must be published at least

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<sup>51</sup> Ibid 84–85.

<sup>52</sup> Åsa-Britt Karlsson, ‘Press subsidies in Sweden,’ in Isabel Fernandez Alonso et al (eds) ‘Press Subsidies in Europe’ (Proceedings of the ‘Symposium Press Subsidies in Europe: Development, Pluralism and Transparency, Barcelona 2006, Institut de la Comunicacio, 2006) 99, 99.

<sup>53</sup> Ibid 99.

<sup>54</sup> Ministry of Culture (Sweden), *Press Support*, 25 February 2011 <[www.sweden.gov.se/sb/d/14476](http://www.sweden.gov.se/sb/d/14476)>.

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once a week, and support ranges from 226 000 euros annually for these papers up to 1.7 million euros for papers published three to seven times a week and 5.1 million for newspapers in metropolitan areas<sup>55</sup>. These subsidies represent about three per cent of total Swedish press revenues, and for some newspapers are a much higher percentage<sup>56</sup>.

55. The distribution subsidies assist in the daily distribution of 900 million copies of 141 different newspapers. An additional feature of this subsidy is that it co-ordinates newspaper distribution around the nation, avoids inefficient parallel distribution by multiple companies and ensures the distribution of smaller papers<sup>57</sup>.
56. These subsidies are funded through a 10 per cent levy on all advertising, except for newspaper advertising, which attracts a three per cent levy. This tax covers the cost of the subsidy system and has generated a surplus for the state<sup>58</sup>.
57. To be eligible for subsidies, a newspaper must<sup>59</sup>:
- contain general news content or contribute to general political opinion-building
  - generate more than half their news content themselves
  - not be limited to special areas such as sport or religion
  - be published in their own name
  - be published at least once per week and sell at least 2000 copies to subscribers
  - not be a free paper.

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<sup>55</sup> Ibid.

<sup>56</sup> Rodney Benson and Matthew Powers, *Public Media and Political Independence: Lessons for the Future of Journalism from Around the World* (Freepress, 2011) 52.

<sup>57</sup> Åsa-Britt Karlsson, 'Press subsidies in Sweden,' in Isabel Fernandez Alonso et al (eds) 'Press Subsidies in Europe' (Proceedings of the 'Symposium Press Subsidies in Europe: Development, Pluralism and Transparency, Barcelona 2006, Institut de la Comunicacio, 2006) 99, 100.

<sup>58</sup> Rodney Benson and Matthew Powers, *Public Media and Political Independence: Lessons for the Future of Journalism from Around the World* (Freepress, 2011) 53.

<sup>59</sup> Åsa-Britt Karlsson, 'Press subsidies in Sweden,' in Isabel Fernandez Alonso et al (eds) 'Press Subsidies in Europe' (Proceedings of the 'Symposium Press Subsidies in Europe: Development, Pluralism and Transparency, Barcelona 2006, Institut de la Comunicacio, 2006) 99, 101.

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58. In 2007 the online-only publication *Politiken.se* became the first online publication to be deemed eligible. It received a reduced amount of the operational subsidy (55 per cent of the weekly newspaper rate)<sup>60</sup>.
59. Sweden's direct subsidies are important reasons for the internationally-strong position of the Swedish press. Swedish newspaper readership rates have traditionally been among the highest in the world<sup>61</sup>. It has been noted, however, by one scholar that pluralism in the Swedish press is rapidly declining both by closures and by mergers<sup>62</sup>.

### The United States

60. In 1792, the year after the United States Congress enacted the First Amendment to the Constitution, it passed the Post Office Act that, as well as establishing an organised postal system, authorised a subsidy for newspapers sent through the mail, as most were in the eighteenth century. Newspaper proprietors could also send each other copies of their newspapers for free, creating the first collaborative news reporting network.

*While the First Amendment forbade the federal government from abridging freedom of the press, the founders' commitment to broad circulation of public information produced policies that made a free press possible<sup>63</sup>.*

61. In 1863, under pressure from the magazine industry, the United States government created 'second-class mail' for regular publications that disseminated 'information of a public character, or be devoted to literature, the sciences, arts, or some special industry' and two decades later Congress reduced second-class postal rates by two-thirds, which led to the growth of the low-price mass-circulation magazine and, indirectly, to a magazine industry for which the United States is known worldwide<sup>64</sup>. Between 1895 and 1900, the number of

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<sup>60</sup> Rodney Benson and Matthew Powers, *Public Media and Political Independence: Lessons for the Future of Journalism from Around the World* (Freepress, 2011) 53.

<sup>61</sup> Ibid 52.

<sup>62</sup> Lennart Weibull, 'The Press Subsidy System in Sweden: A Critical Approach', in Nick Couldry and James Curran (eds), *Contesting Media Power: Alternative Media in a Networked World*, (Rowman & Littlefield, 2003) 89.

<sup>63</sup> Leonard Downie and Michael Schudson, The Reconstruction of American Journalism 20 October 2009 *Columbia Journalism Review* <[www.cjr.org/reconstruction/the\\_reconstruction\\_of\\_american.php](http://www.cjr.org/reconstruction/the_reconstruction_of_american.php)>.

<sup>64</sup> Steven Waldman and the Working Group on Information Needs of Communities), *The Information Needs of Communities*, (Federal Communications Commission, 2011) 338.

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magazines with a 100 000-plus circulation quadrupled; by 1905 the number had nearly doubled again. This indirect form of taxpayer aid covered around 75 per cent of total delivery costs for newspapers and magazines; it has been particularly helpful for opinion and political magazines, which have always had difficulty attracting advertisers.

62. The United States was also quick to decide on the merit of using the press to publish public notices. The Acts of the First Session of Congress stipulated that ‘all bills, orders, resolutions and congressional votes be published in at least three publicly available newspapers’. These notices have continued since; encompassing the range of government activities—from zoning changes and school district budgets to bankruptcy notices and seized-property auctions. For newspapers this has meant a steady income stream, amounting to between 5 and 10 per cent of total revenue in 2000 according to the National Newspaper Association in the United States<sup>65</sup>.
63. Postal subsidies have declined in relative importance as other media—radio, television and online—have developed. By 1967 postal subsidies were worth around US\$400 million annually to the print media. The postal system was foregoing so much revenue that eventually Congress was prompted to pass another Act, in 1970, to help put the post office on a sustainable financial footing. Since then, postal subsidies for newspapers and magazine have declined dramatically but were still worth US\$270 million in 2007<sup>66</sup>.
64. The emergence of the internet has also affected the requirement that public notices be published in newspapers. Around 40 states in America have introduced legislation to move their public notices to the web but so far most have not succeeded, partly because access to the internet is still not universal in some rural communities and among low-income groups<sup>67</sup>.

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<sup>65</sup> Matthew Weber, *Insult to injury: The disappearance of public notices in US newspapers*, (University of Southern California Annenberg Center on Communication Leadership & Policy, 2010) 2.

<sup>66</sup> Rahul Nilikantan, *Postal subsidies*, (University of Southern California Annenberg Center on Communication Leadership & Policy, 2010).

<sup>67</sup> Geoffrey Cowan and David Westphal, ‘The Washington-Madison Solution’ in Robert W McChesney and Victor Pickard, *Will the Last Reporter Please Turn Out the Lights: The collapse of journalism and what can be done to fix it* (The New Press, 2011) 135.

## Government support of broadcasting

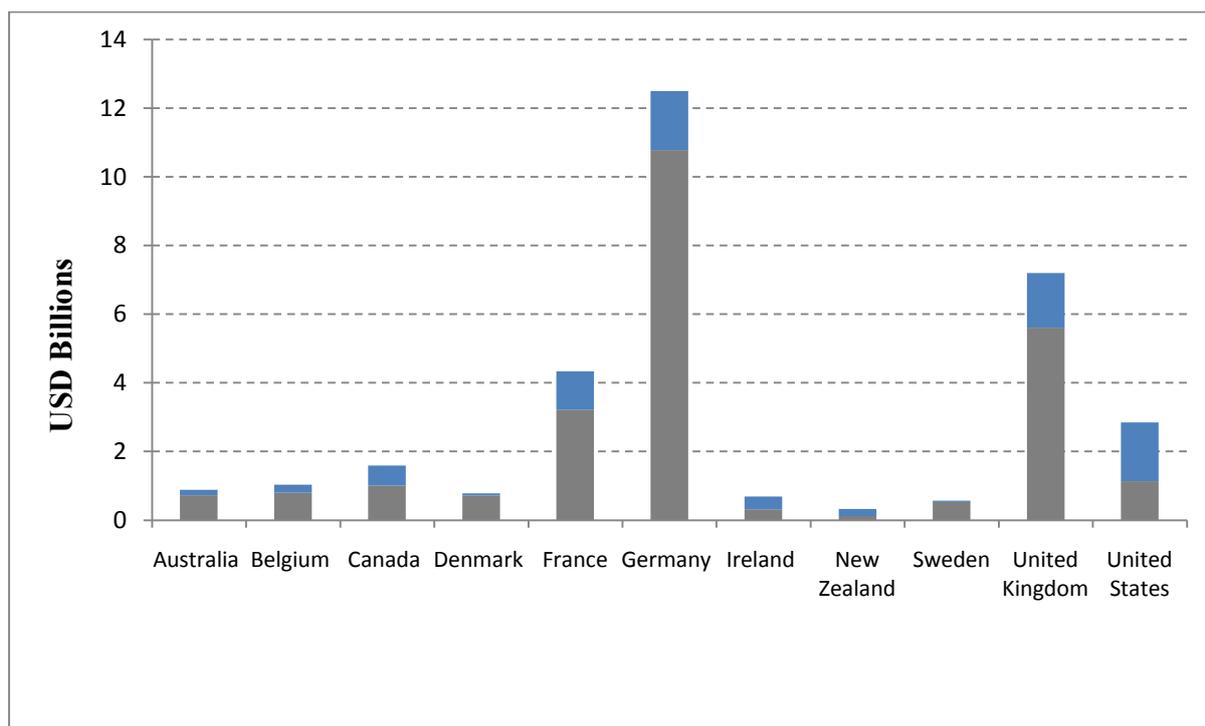
65. Government support for broadcast media is more widespread than for the newspaper sector, partly because spectrum has been considered a scarce resource that should be allocated to best serve the public interest and partly because governments soon became aware of the influence of broadcast media.

### Funding public broadcasters

66. Government support for broadcast media is more widespread than for the newspapers<sup>68</sup>.

67. The following table compares public funding and private funding in the broadcasting sector in a selection of countries.

**Figure 19: Annual funding of public broadcasting (2008)**



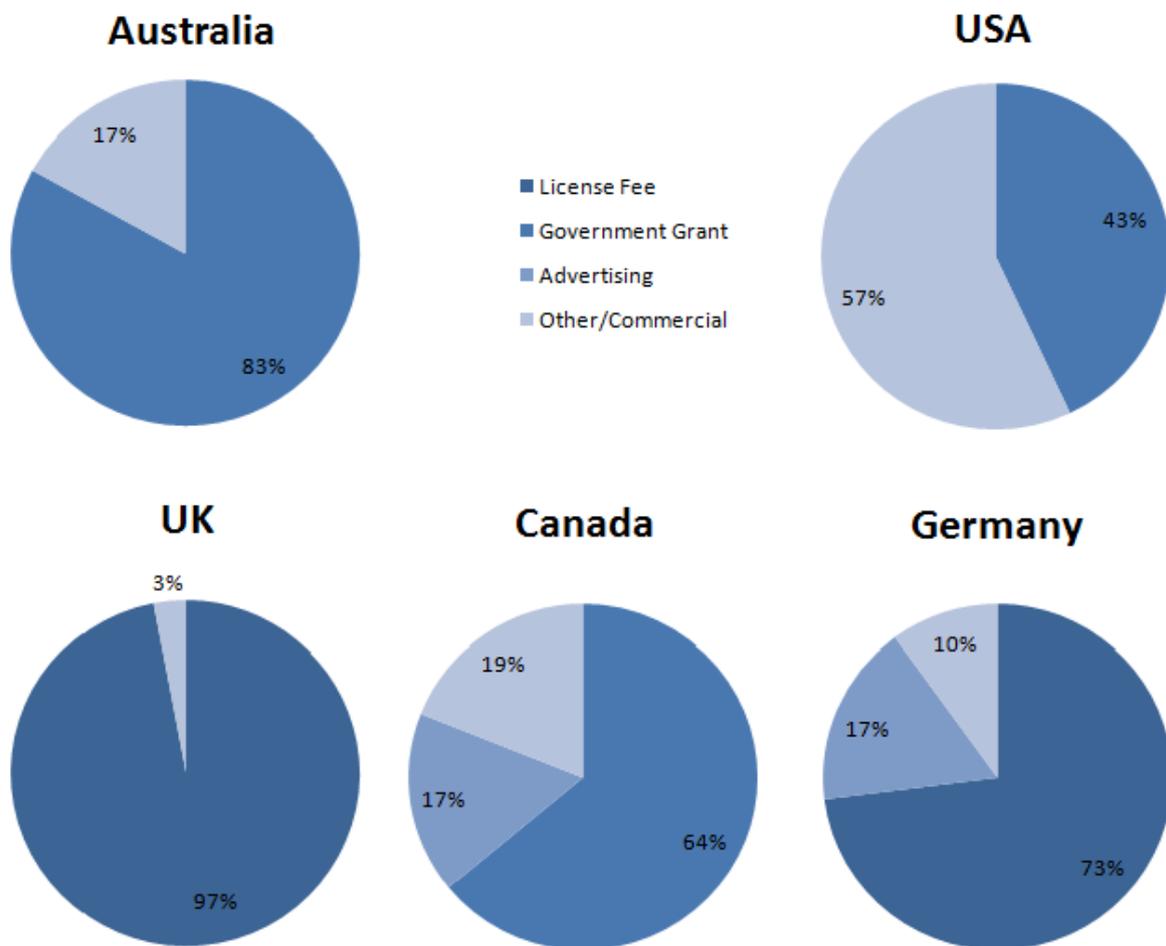
Source: Rodney Benson and Matthew Powers, *Public Media and Political Independence: Lessons for the Future of Journalism from Around the World* (FreePress, 2011) 61.

<sup>68</sup> See further discussion in Toby Mendel, *Public Service Broadcasting: A Comparative Legal Survey* (UNESCO, 2nd revised edition, 2011) 95.

## Funding models

68. Public broadcasters generally receive their funding from a mix of public and commercial sources<sup>69</sup>. Typically, public funding comes from license fees, other specific taxes or direct funding grants from consolidated revenue.

Figure 20: Sources of funding for public broadcasters (2008)



Source: Rodney Benson and Matthew Powers, *Public Media and Political Independence: Lessons for the Future of Journalism from Around the World* (Freepress, 2011)

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<sup>69</sup> Ibid 18.

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69. Licence fees are compulsory levies on television and radio users. They are extensively used internationally, particularly in Europe. There are differences between countries in the collection and distribution of licence fees.
70. In the United Kingdom, the licence fee is set by government<sup>70</sup>, collected by the British Broadcasting Corporation (BBC)<sup>71</sup>, placed into consolidated revenue, and an almost equal amount provided back to the broadcaster<sup>72</sup>. According to the BBC's 2010–11 annual report, around three per cent of the value of the licence fee is expended in collecting it<sup>73</sup>. Since 2006 the licence fee has been classified as a tax, and there have been arguments that this reclassification affects both the expectations of the auditing and control over the fee and the status of the BBC as a public body.
71. In France, the licence fee is bundled with the French residence tax and is incorporated into the general tax collection system. Combining the collection within the general system is an efficiency measure reducing the duplication of costs. This is also achieved by Poland's approach of having the fee collected by the Post Office<sup>74</sup>.

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<sup>70</sup> British Broadcasting Corporation 'The license fee' *Inside the BBC*, 2011  
<[www.bbc.co.uk/aboutthebbc/insidethebbc/whoweare/licencefee](http://www.bbc.co.uk/aboutthebbc/insidethebbc/whoweare/licencefee)>.

<sup>71</sup> *Communications Act 2003* (UK) s 365(2).

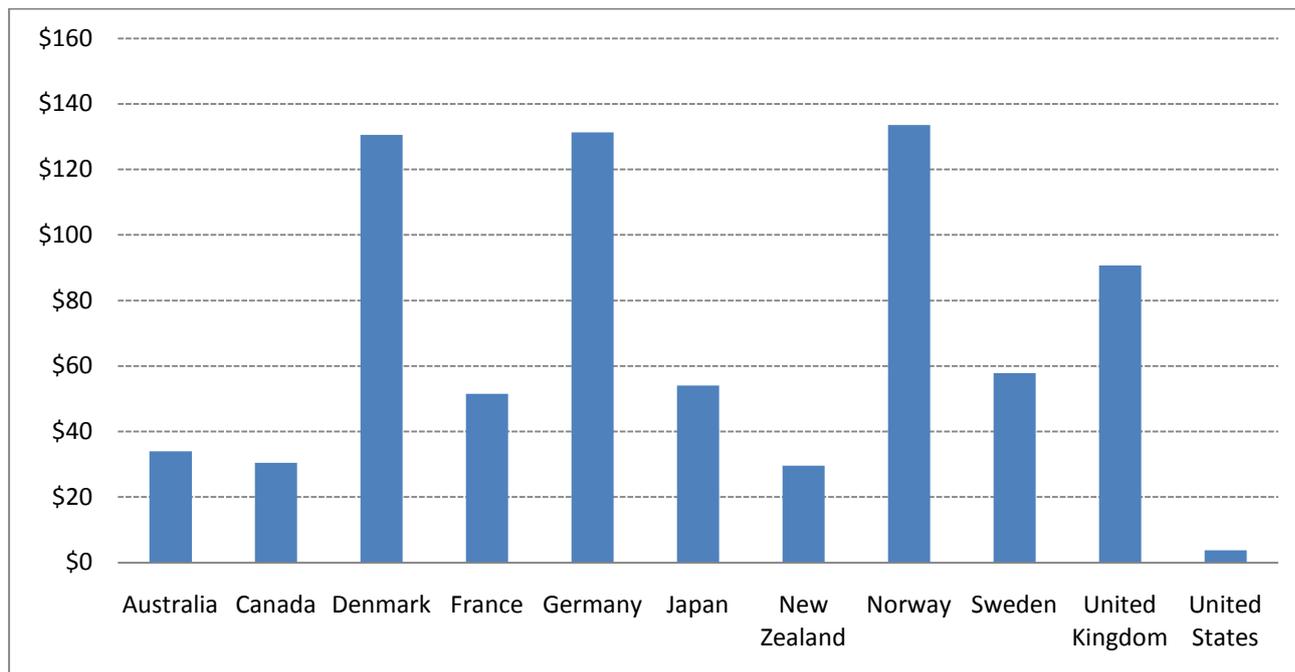
<sup>72</sup> Department for Culture, Media and Sport (UK), Broadcasting, *An Agreement Between Her Majesty's Secretary of State for Culture, Media and Sport and the British Broadcasting Corporation* (2006) s 75.

<sup>73</sup> British Broadcasting Corporation *BBC Annual Report and Accounts 2010/11* (2011).

<sup>74</sup> Toby Mendel, *Public Service Broadcasting: A Comparative Legal Survey* (UNESCO, 2nd revised edition, 2011) 58.

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Figure 21: Per-capita funding of public broadcasters (\$US 2008)



Source: Rodney Benson and Matthew Powers, *Public Media and Political Independence: Lessons for the Future of Journalism from Around the World* (Freepress, 2011) 61

72. France has also experimented with taxes on television advertising and the telecommunications sector to fund their national broadcaster. This additional funding has been required as a result of the phasing out of advertising on the public broadcaster since 2000. This taxation has been of limited success. In 2011 the European Commission took France (and Spain) to court over their taxes on the telecommunications sector<sup>75</sup>. Another tax, on internet advertising, known colloquially as the ‘Google tax’ was proposed in 2010 but following substantial opposition the legislation was dropped in 2011<sup>76</sup>.
73. In Thailand, the national broadcaster Thai PBS receives its annual funding from taxation on tobacco and liquor. A portion of this income, collected by the Excise and Customs department, is provided direct to the broadcaster, without becoming part of consolidated

<sup>75</sup> AFP ‘France, Spain for court over telecom tax’ *France 24*, 14 March 2011 <[www.france24.com/en/20110314-france-spain-head-court-over-telecom-tax-european-commission](http://www.france24.com/en/20110314-france-spain-head-court-over-telecom-tax-european-commission)>.

<sup>76</sup> Eric Pfanner ‘France Drops Plans for “Google Tax”’ *The New York Times* 23 June 2011 <[www.nytimes.com/2011/06/24/technology/24iht-google24.html?\\_r=2](http://www.nytimes.com/2011/06/24/technology/24iht-google24.html?_r=2)>.

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revenue. The amount is capped at two million baht (approximately \$A61 million), but can be adjusted by the Minister of Finance every three years<sup>77</sup>.

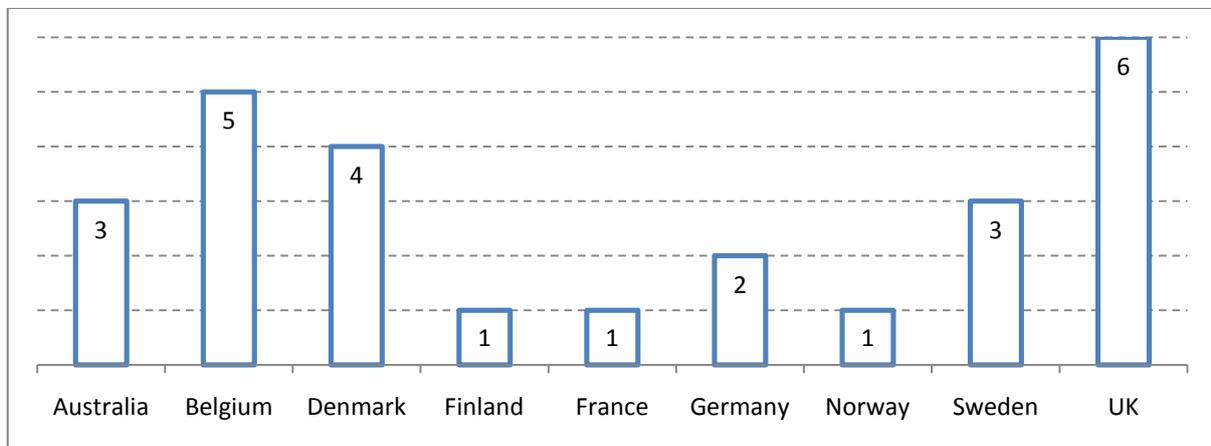
74. Alternatively, national broadcasters can be funded with direct grants from government. This approach is used in Australia and Canada.

75. A common feature of national broadcasting funding models is multi-year funding agreements. As articulated in the Council of Europe *Guidelines on the guarantee of public service broadcasting*:

*Payment of the contribution or licence fee should be made in a way which guarantees the continuity of the activities of the public service broadcasting organisation and which allows it to engage in long-term planning*<sup>78</sup>.

76. Benson and Powers express the benefits slightly differently, claiming that funding for multi-year periods lessons ‘the capacity for government to directly link funding to either approval or disapproval of programming.’<sup>79</sup>

**Figure 22: Length of funding cycles for public broadcasters**



Source: Toby Mendel, *Public Service Broadcasting: A Comparative Legal Survey* (UNESCO, 2nd revised edition, 2011)

<sup>77</sup> Toby Mendel, *Public Service Broadcasting: A Comparative Legal Survey* (UNESCO, 2nd revised edition, 2011) 72.

<sup>78</sup> Recommendation No. R (96) 10 Guidelines on the guarantee of public service broadcasting (Council of Europe) 1996.

<sup>79</sup> Rodney Benson and Matthew Powers, *Public Media and Political Independence: Lessons for the Future of Journalism from Around the World* (Freepress, 2011) 12.

## Other support models

77. There are a number of other potential models suggested for the support of the media. In many cases these models focus on supporting or encouraging the start-up of the small, independent, and citizen-driven news sources that are emerging online.

## Options considered by Royal Commissions in the United Kingdom

78. The United Kingdom held Royal Commissions on the Press in 1947–49<sup>80</sup>, 1961–62<sup>81</sup> and 1974–77<sup>82</sup>. Each of these Commissions considered numerous options for subsidising the press. In each case they rejected these suggestions. The options fell into two broad categories: reducing the costs of production and relieving financial problems, and reducing competition.

79. To reduce the costs of production and relieve financial problems, there was a range of proposals:

- creation of a centralised printing plant to print newspapers under contract so smaller publications did not need to build infrastructure (1949, 1962, 1977)
- direct government intervention in labour agreements in the sector (1949)
- prohibitions or restrictions on ‘non-journalistic forms of competition’ such as promotions and giveaways (1949)
- tax breaks, particularly for smaller-earning organisations (1949)
- securing a national supply of newsprint (1949) and creating a differential price for newsprint to make it comparatively more affordable for smaller newspapers (1949, 1962)
- paying a direct subsidy or ‘bounty’ to newspapers that are rising in circulation, to allow them to more quickly establish themselves at their ‘optimum size’ (1977)
- a fund to help the launch or distribution of small magazines (1977)

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<sup>80</sup> United Kingdom, Royal Commission on the press (1947-1949) *Report* Cmd 7700 (1949) 155-161.

<sup>81</sup> United Kingdom, Royal Commission on the press (1961-1962) *Report* Cmnd 1811 (1962) 89-99.

<sup>82</sup> United Kingdom, Royal Commission on the Press, *Final Report with Appendices* Cmnd 6810-1 (1977) 113-126.

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- government intervention in the management of profits and finances of newspapers (1977), and
- direct subsidies for production or distribution (1977).

80. To reduce competition and commercial imperatives, there was another broad range:

- placing limits on the maximum advertising revenue and volume a publication can earn or carry (1949, 1962)
- placing a levy on advertising revenue so that once publications reach an 'optimal' circulation of two million the levy would ensure there was a greatly reduced commercial benefit for expanding further (1962)
- distribution of advertising revenue managed by a government agency to ensure that all publications would receive the same revenue per copy sold (1977)
- prohibiting individual and joint stock ownership of newspapers, in favour of them all being owned by a government corporation (1949)
- placing a limit on the potential profits of newspapers (1949)
- limiting the maximum size of newspaper circulation (1949;
- encouraging the ownership of newspapers by trusts, particularly under a model providing editorial independence (1949)
- enforcing higher selling prices to enable smaller newspapers to compete and still be profitable and reduce dependence on advertisers (1962)
- giving direct subsidies or requiring government to spread their advertising more evenly across the press (1962)
- giving subsidies to encourage cooperation between publications and publishers (1977), and
- placing limits on the maximum numbers of pages for newspapers (1977).

## Encouraging private investment and philanthropic contributions in non-profit press organisations

81. Examples of philanthropically-funded non-profit press are beginning to emerge, especially in the United States, which has a well-developed philanthropic sector. In 2007 *ProPublica.org* was founded with a gift of \$US30 million from billionaire philanthropists Herb and Marion Sandler<sup>83</sup>.

82. In Australia *The Global Mail* is an example. The online publication, funded for a guaranteed five years by philanthropist Graeme Wood, began in February 2012.

*The Global Mail is a philanthropically funded, not-for-profit news and features website. Our mission is to deliver original, fearless, independent journalism*<sup>84</sup>.

83. Other press organisations funded by trusts include *The St Petersburg Times*, *The Christian Science Monitor*, *Harper's*, and *The Guardian*.

84. A role for government in non-profit journalism is in making investment and philanthropic contributions to these organisations more attractive. Several methods for doing this that have been suggested.

85. One is to make donations towards non-profit or low-profit journalism organisations tax-deductible or exempt. This provision exists in the United States and is seen by the Federal Communications Commission as effective. In its July 2011 report, the FCC noted:

*The fact that donations to non-profit media are tax-deductible serves as an incentive for citizens to lend financial support to organizations whose missions they value.*<sup>85</sup>

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<sup>83</sup> Paul E Steiger, 'Going online with watchdog journalism', *Nieman Reports*, Spring 2008 <[www.nieman.harvard.edu/reportsitem.aspx?id=100064](http://www.nieman.harvard.edu/reportsitem.aspx?id=100064)>.

<sup>84</sup> The Global Mail, *Our Mission* <[www.theglobalmail.org/about](http://www.theglobalmail.org/about)>; Paddy Manning 'What if public-interest journalism had a white knight: a media start-up is born, packed with pedigree' *The Sydney Morning Herald* 31 December 2011 <[www.smh.com.au/national/what-if-publicinterest-journalism-had-a-white-knight-a-media-startup-is-born-packed-with-pedigree-20111230-1pffl.html](http://www.smh.com.au/national/what-if-publicinterest-journalism-had-a-white-knight-a-media-startup-is-born-packed-with-pedigree-20111230-1pffl.html)>.

<sup>85</sup> Steven Waldman and the Working Group on Information Needs of Communities), *The Information Needs of Communities*, (Federal Communications Commission, 2011) 328.

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86. This is facilitated in the United States by legislation. Numerous states have implemented instruments enabling 'Low profit limited liability corporations' (L3Cs). This is a business form enabling tax-protected investment in companies producing a social good, but also generating small profits.
87. An example is the Vermont L3C legislation which defines an L3C corporation as one which satisfies the following criteria<sup>86</sup>:
- 'significantly furthers the accomplishment of one or more charitable or educational purposes'
  - 'no significant purpose of the company is the production of income or the appreciation of property'
  - 'no purpose of the company is to accomplish one or more political or legislative purposes'
  - the name of the company 'shall contain the abbreviation L3C or l3c'.
88. An alternative model which may be more conducive to Australia's existing regulatory regime may be to grant a charitable or tax exempt status to a category of non-profit media organisation. The consequences of such recognition would likely be exemption from FBT and GST, plus tax deductible status.

### Expanded role for existing public institutions

89. Len Downie, a former executive editor of *The Washington Post*, and Professor Michael Schudson, in their 2009 survey *The Reconstruction of American Journalism*, proposed an expanded role of existing public institutions as a potential means for funding the creation of quality journalism<sup>87</sup>.
90. Their proposal included expanding the scope of national broadcasters to create a broader range of journalism, such as greater capacity for local news.

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<sup>86</sup> *Corporations, Partnerships and Associations* 11.21 Vt Stat Ann § 3001(27) (2008).

<sup>87</sup> Leonard Downie and Michael Schudson, *The Reconstruction of American Journalism* 20 October 2009 *Columbia Journalism Review* <[www.cjr.org/reconstruction/the\\_reconstruction\\_of\\_american.php](http://www.cjr.org/reconstruction/the_reconstruction_of_american.php)>.

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91. Alternatively or additionally, universities could be funded to be sources of local and accountability journalism. They could be funded to provide faculty positions for individual journalists and so could become laboratories for experiments in innovative ways of gathering and sharing news.

### Direct funding programs

#### *News vouchers*

92. Internet news vouchers are a mechanism for providing public funding for private media while minimising the potential for improper government influence. Funding for organisations is tied to popular vote by readers. People who read a news article that helped their political understanding can click a box and vote for the article<sup>88</sup>. Their votes would be sent to a National Endowment for Journalism that then rewards or recompenses organisations according to the number of votes they receive. Bruce Ackerman, a professor at Yale University, is the main proponent of this scheme which is a variation on the so-called 'Artistic Freedom Vouchers' and the 'Citizenship News Vouchers' put forward by an economist, Dean Baker, in 2003<sup>89</sup>.
93. It is widely-acknowledged that such a scheme could be abused but, writes Ackerman, endowment funds would give news organisations a powerful incentive to commission investigative journalism aimed at broad public concerns and political commentary that sets news in a context.

#### *Research and development (R&D) fund for journalistic innovation*

94. Proposed by Pickard, Stearns and Aaron in their report *Saving the News: Toward a National Journalism Strategy*, an R& D fund would be aimed at encouraging new methods and business models for journalism. This could be achieved through creating a research

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<sup>88</sup> Robert W McChesney and Victor Pickard, *Will the Last Reporter Please Turn Out the Lights: The collapse of journalism and what can be done to fix it* (The New Press, 2011) 299-305

<sup>89</sup> Dean Baker, *The Artistic Freedom Voucher: An Internet Age Alternative to Copyrights*, (Center For Economic and Policy Research, 2003) <[www.immagin.com/eLibrary/ARCHIVES/GENERAL/CEPR\\_US/C031105B.pdf](http://www.immagin.com/eLibrary/ARCHIVES/GENERAL/CEPR_US/C031105B.pdf)>.

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institution, or funding cooperative partnerships between the newspaper industry and existing research institutions<sup>90</sup>.

95. The model suggested by Victor Pickard et al is a 'taxpayer-supported venture capital firm'<sup>91</sup> that invests an annual budget in new business models. A precedent for the fund is the Telecommunications Development Fund created by the United States Telecommunications Act of 1996 which focussed investment 'in small businesses that produce important public goods in the communications sector that were ignored by for-profit venture capital'.

### ***Federal Writers Project***

96. Also suggested by Pickard *et al.*, the Federal Writers Project is a reviving of a 1930s United States program that employed journalists who had lost their jobs in the great depression. The project would directly employ a large number of journalists and writers to produce significant works, especially in those areas under-reported or overlooked by commercial and public media<sup>92</sup>.

### ***National Endowment for Journalism***

97. Modelled on endowment schemes more commonly seen in cultural/arts policy, this would be a government-appointed but otherwise independent institution administering grants to support quality journalism. The endowment could be tailored to support specific goals such as increasing online journalism or increasing the number of stories of relevance to minority communities or other under-served regions. The endowment would be funded primarily from the federal budget, with some money from donations<sup>93</sup>.

## **Options proposed in submissions**

98. Submissions to the Inquiry proposed a number of options for public funding of the media.

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<sup>90</sup> Victor Pickard, Josh Stearns and Craig Aaron, *Saving the News: Towards a national journalism strategy* (Freepress, 2009) 26.

<sup>91</sup> *Ibid* 44.

<sup>92</sup> *Ibid* 25–26.

<sup>93</sup> *Ibid* 26.

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99. An often-cited list of recommendations came from Bill Birnbauer, a senior lecturer in journalism at Monash University. His recommendations to ‘increase media diversity in Australia and enhance the opportunities for non-profit online startups’<sup>94</sup> were:
- (a) to provide tax deductibility for donations made to non-profit investigative and quality journalism organisations<sup>95</sup>
  - (b) direct public funding of organisations that produce investigative journalism through an independent funding mechanism such as the Australia Council<sup>96</sup>
  - (c) create a non-profit organisation to compile, edit and publish university-based journalism students on a national website<sup>97</sup>.
100. These recommendations were cited and supported in submissions by:
- (a) Senator Bob Brown<sup>98</sup>
  - (b) The Public Interest Journalism Foundation<sup>99</sup>
  - (c) Professor Wendy Bacon<sup>100</sup>
  - (d) Dr Margaret Simons<sup>101</sup>.
101. Dr Margaret Simons additionally recommended the establishment of innovation clusters for news media, perhaps centred around universities<sup>102</sup>.
102. The Media, Entertainment and Arts Alliance also had a suite of recommendations in their submission to the inquiry<sup>103</sup>.
- (a) additional support for the national broadcasters (ABC and SBS)
  - (b) tax breaks for non-profit ventures

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<sup>94</sup> Bill Birnbauer, Submission to the Independent Media Inquiry, 2011, 2.

<sup>95</sup> Bill Birnbauer, Submission to the Independent Media Inquiry, 2011, 2.

<sup>96</sup> Bill Birnbauer, Submission to the Independent Media Inquiry, 2011, 2.

<sup>97</sup> Bill Birnbauer, Submission to the Independent Media Inquiry, 2011, 2.

<sup>98</sup> Senator Bob Brown, Submission to the Independent Media Inquiry, 2011, 3.

<sup>99</sup> Public Interest Journalism Foundation, Submission to the Independent Media Inquiry, 2011, 3.

<sup>100</sup> Wendy Bacon, Submission to the Independent Media Inquiry, 2011, 15.

<sup>101</sup> Dr Margaret Simons, Submission to the Independent Media Inquiry, 2011, 8.

<sup>102</sup> Dr Margaret Simons, Submission to the Independent Media Inquiry, 2011, 8.

<sup>103</sup> Media, Entertainment & Arts Alliance, Submission to the Independent Media Inquiry, 2011, 13–16.

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- (c) reducing or abolishing GST on newspapers and magazines and advertising in news publications
  - (d) encouraging consumption and production of journalism in schools
  - (e) copyright reform to protect news content
  - (f) a new levy on internet service providers
  - (g) tax breaks for 'low-profit' ventures
  - (h) tax deductions for increased expenditure on news
  - (i) government advertising and public notices.
103. The submission from Peter Browne<sup>104</sup> aimed at finding funding proposals from overseas that could work well or be adapted to Australian circumstances. This included the following:
- (a) Realigning existing postal subsidies to increase the discount for news and current affairs publications and reduce the discount for special interest or advertising-heavy magazines.
  - (b) Tax credits for newspapers for each journalist employed and Citizenship News Vouchers would need to be targeted more widely than simply to non-profit news sources.
  - (c) If the range of legal structures available to media organisations was expanded this would improve their chances of surviving. A version of the L3C company structure would allow both commercial and philanthropic organisations to invest in media companies. Citing proposals from a 2010 senate inquiry, he said if the definition of a charity was expanded the news media could be included.
104. The submission from *The Global Mail* had a number of proposals specifically to support online, not-for-profit journalism by<sup>105</sup>:
- (a) tax-deductible status for philanthropic and public donations
  - (b) relieving such organisations from state-based payroll taxes

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<sup>104</sup> Peter Brown, Submission to the Independent Media Inquiry, 2011, 9-13.

<sup>105</sup> *The Global Mail* (Digital Global Mail), Submission to the Independent Media Inquiry, 2011, 8-9.

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- (c) a government fund for innovative journalism projects and the information technology that supports them
- (d) compensation for the expenditure of establishing partnerships with international non-profit news organisations
- (e) funding support for the translation of reportage into other languages
- (f) assistance for establishing international reporting bureaux
- (g) government providing more data and information online.

105. The submission from Peter Mair provided a clear model for funding. This consisted of \$1 billion in annual funding, split 75 per cent for mass media and 25 per cent for 'specialist 'current affairs' magazine and internet publishers'<sup>106</sup> These funds would be distributed by a revamped press council and would be measured against 'guidelines protecting commercial objectivity and commercial balance in material presented to the community'<sup>107</sup>. Mr Mair also called for public assistance to 'establish and promote micro-pricing options'<sup>108</sup> for news organisations.

106. The submission from the Griffith Centre for Cultural Research provided an examination of community broadcasting and press subsidy models in Australia and Europe and concluded with a recommendation for 'the establishment of a statutory body, funded by the Australian Government, which distributes seeding grants, production subsidies and operational subsidies to smaller and independently-owned publications, news websites and other media outlets which contribute to information diversity and public debate on current issues'<sup>109</sup>.

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<sup>106</sup> Peter Mair, Submission to the Independent Media Inquiry, 2011, 4.

<sup>107</sup> Peter Mair, Submission to the Independent Media Inquiry, 2011, 4.

<sup>108</sup> Peter Mair, Submission to the Independent Media Inquiry, 2011, 5.

<sup>109</sup> Dr Susan Forde, Professor Michael Meadows, Dr Kerrie Foxwell-Norton, Submission to the Independent Media Inquiry, 2011, 1.