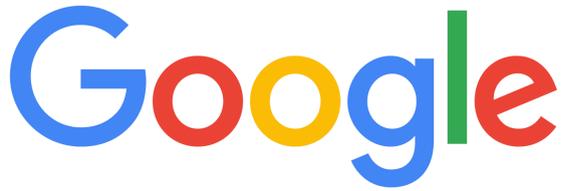


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Executive Summary

Every day, Google helps millions of Australians and Australian businesses to harness the benefits of technology to communicate, collaborate and find the information they need.

As Australians have become prolific users of digital technology, the Internet has brought new opportunities for expression and for commerce; it has lowered costs of entry for new enterprises, and Australians are enjoying more choice, diversity and competition as a result.

This technology has brought with it challenges to businesses born in the pre-Internet era who are adjusting to the new and different opportunities of the digital world.

Google's products support and assist journalism not just because a free and independent media is a matter of vital public interest, but because ensuring credible news sources can thrive online helps us do a better job providing our users reliable information.

Google is committed to helping news publishers succeed;

- Google News provides users with convenient links to news content from more than 80,000 news publishers globally, including more than 1,000 Australian publishers;
- Google's advertising platforms enable news publishers and other website hosts to earn revenue from ads that are displayed on their sites - 70% of display ad revenues are shared with host partners; and
- We support publishers through initiatives that tackle key issues like mobile latency.

We're also confronting misrepresentative content online. Our mission is to make information widely available and easily accessible. But the quality of that information is just as vital, making a diverse, high quality news ecosystem of the utmost importance to Google, and to the Australian community more broadly.

To help the Committee's work, our submission provides an overview of:

- Google in Australia
- Google's services related to news
- Trends in the provision of news content
- Partnering in advertising
- Managing online content challenges

Google looks forward to further assisting the Committee with its deliberations, and to expanding on the topics covered herein during an upcoming Public Hearing.

Google in Australia

Every day, Google helps millions of Australians and Australian businesses to harness the benefits of technology to communicate, collaborate and find the information they need. For more than a decade, Google Australia employees have been developing innovative products here in Australia, helping improve our products to the benefit of Australian users, and billions of others globally.

Google Maps, which was invented here in Sydney, helps users find their destination or make the journey home as quickly as possible. Google advertisements help connect Australian businesses with customers, whether in Australia or overseas. YouTube entertains, educates and helps creative Australians reach and earn income from a global audience, and Gmail and G Suite help us communicate, collaborate and innovate.

Australians are prolific users of technology; watching an estimated 60 million YouTube videos daily and sending more than 190 million emails via Gmail. We're also inquisitive; asking Google Search millions of questions every day.¹

Through this use of technology, Australians are realising real, tangible benefits. Indeed, last year, the team of economists at AlphaBeta found that;

- Google Maps helps its users save more than 13.5 hours of travel time on our roads each year;
- Google Search saved each of its users an average of 5 minutes per day, or 31 hours per year; and
- More than 840,000 Australian businesses connected with consumers via Google, and generated more than \$15.1 billion using Google platforms².

Most of these services are provided to Australians for free.

Google's services deliver significant benefits to Australian businesses and content creators (including news publishers), by helping to connect them with global consumers and overcome the tyranny of distance. And, as Australia transitions to a knowledge-based services economy, Google is helping to expand access to information and support digital upskilling across the economy.

In the 2016 calendar year we invested more than \$400 million in our Australian operations, and our workforce grew to around 1,300 people.

Google Australia also contributes significant support for non-profits and the wider community sector. We see ourselves as having a strong role to play helping local non-profits innovate and adapt to new digital technologies, and hope to continue growing our support of the non-profit sector in the years to come.

One programme through which we support Australian non-profits is Google.org's Google Impact Challenge (GIC), contributing \$8.5m in financial support alone since 2014. These grants to more than 20 non-profits are helping to encourage literacy in Indigenous languages

¹ [Google Economic Impact - Australia 2015](#), AlphaBeta, August 2016

² [Google Economic Impact - Australia 2015](#), AlphaBeta, August 2016

(The Australian Literacy and Numeracy Foundation), bringing app-based eyesight checks to remote communities (Centre for Eye Research Australia), and helping Australians change their relationship with alcohol (Hello Sunday Morning). We combine our financial support with Googlers' time and technical expertise.

Google's services related to news

Google's mission is to organise the world's information and make it universally accessible and useful. In support of that mission, our tools and technology help people find what they are looking for from the wealth of information available on the Internet, including news content.

Ensuring credible news sources can thrive online helps us do a better job providing our users with reliable information. We're simply less useful to our users if we can't show accurate, authoritative news content in response to users' questions or interests.

People come to **Google Search** seeking many types of information, in ways that continue to change over time; to this day, more than 15% of the queries we see every day on Google Search are entirely new. In addition the material available online is continually changing.

Many queries from users are seeking news content and Google sends billions of users to news websites every month. Many users looking for news also visit **Google News**, which provides access to news sources around the world.

[Google News](#) (see breakout) provides users with convenient links to news articles from more than 80,000 news publishers around the world. In doing so, we make it easy for our users to follow the link to the article's source - the news publisher who produced the content and made it available. There are no ads displayed on Google News and Google generates no revenue from the service.

In Australia, more than 1000 publishers make their content available through Google News. Content is available from a huge variety of publications from The Australian to The Narrabri Courier and everything in between.

In addition to using Google Search and Google News, **Google Alerts** help people to stay in touch with the news they care about, by delivering email notifications when new results for a topic show up in Google Search.

Some people also seek out news on **YouTube**. Video is a key way that people connect with news from broadcasters, publishers and citizen journalists. For example BuzzFeed and Vice News have dedicated YouTube channels, while the ABC (Australian Broadcasting Corporation), makes available via YouTube a live stream of ABC News 24 to any Australian with an internet connection.

About Google News

Google News provides users with convenient links to news content from more than 80,000 news publishers around the world, including content from more than 1,000 news publishers in Australia.

News publishers choose to be in Google News because, as an aggregation service, they stand to derive a direct benefit by attracting new readers that might not otherwise visit their site.

This was a key conclusion of a study into the Spanish media market, which found;

“Aggregation services really represent a benefit for publishers. In fact, in recent years, many publishers have invested substantial technical and human resources to improve the positioning of their content within the aggregation services.”³

In order to have their content included on Google News, media publishers must fulfill a number of publicly available criteria⁴, which have been adjusted over time to maintain the quality of these sources, including that:

- Sites do not misrepresent, misstate, or conceal information about their owner or their primary purpose; and
- Sites primarily offer timely reporting or analysis on recent events.

Google News aims to provide consumers access to a broad range of media outlets and information. We do not review or reject outlets based on their political or editorial perspective, nor do we generate revenue from Google News. There are no ads displayed on Google News.

Media outlets have several options for whether, and how, their content appears to users of Google News. For providers of subscription-based news services, this is particularly important and the questions of whether to place content behind a paywall, or to keep content available in Google Search and Google News are not mutually exclusive.

Some of the options available to news publishers include First Click Free which helps publishers with a paid subscription model get discovered by new users in Google Search and via Google News. Of course, media outlets also have the option to exclude their content from Google News.

³ *Impact on Competition and on Free Market of the Google Tax or AEDE fee - Report for the Spanish Association of Publishers of Periodical Publications*, NERA Economic Consulting, May 2017

⁴ The full list of criteria for inclusion in Google News are publicly available on the Google News' help center: <https://support.google.com/news/publisher/answer/40787>

Trends in the provision of news content

Democratisation of news

Digital technology has fundamentally changed many industries, including publishing. The challenges for news publishing in particular are well known. From the early days, newspapers supplemented their revenues with advertisements, and the most profitable advertisements were in non-news sections. We know these sections well; pages with names like “Food,” “Motoring,” “Real Estate”, “Travel,” and “Sports” helped subsidise news for the better half of the last century, because those were the places where advertisers could contextually target their ads and reach specific audiences. In the case of “Real Estate”, this cross-subsidisation continues with more than half the profits of local publishers coming from real estate classifieds.⁵

The rise of publishing on the web, where anyone with a good idea and an internet connection could share their voice (e.g. travel websites, food blogs), made the media ecosystem more pluralistic and democratic, but also challenged prevailing business models.

It is important to acknowledge the benefits of a more pluralistic media ecosystem. A free and independent media is a matter of vital public interest. Digital advertising has created opportunities for more and different types of publishers, and consumers have benefitted.

Consumers are no longer restricted to reading or watching what is chosen for them. Instead they can choose what content they consume, on which platforms, and at whatever time they wish.

The costs of entry for new players are now significantly lower. Australian consumers today enjoy an eclectic mix of political, business and general interest news; from InDaily to BuzzFeed Australia. And niche operators like The Mandarin and The Betoota Advocate are able to access unique audiences. We believe the net result is more choice, diversity and competition.

Innovation in journalism

Google provides significant support and assistance for the media industry in Australia in order to help news publishers tackle their business challenges. It is in Google’s self-interest to see a healthy media industry, so we are dedicated to developing tools to support news publishers.

One of the ways we support news publishers is by providing innovative advertising services. As mentioned above, the rise of specialised websites made it harder for news reporting to subsidise itself. It is uniquely difficult to contextually serve ads on news stories. For instance, if a news story covers a drought in South Australia, it may be less desirable for tourism providers to be showing travel ads next to it.

⁵ [“Fairfax Media joins News Corp with real estate as bigger profit source than news”](#), Mumbrella, 10 August 2016

The solution to this problem is to show personalised advertising which is often based on data (as indicated by web history or ad clicks) and is not dependent on context to provide value to advertisers and users.

Personalised advertising is very important to news websites. According to researchers from Microsoft, Stanford and Boston University, personalised advertising is shown by 12% of content providers, but its use is particularly concentrated in news publishing, where the rate is 91%.⁶

Another way we support news publishing is via the Google News Lab⁷, a dedicated program within Google that works directly with newsrooms to provide trainings that help boost digital skills, support data journalism, and develop better tools for data analysis and visualisation. After running a series of successful workshops with local publishers since 2016, training more than 100 journalists in the use of Maps and Search to tell stories, we are expanding our engagement with newsrooms on an ongoing basis.

We also support emerging journalistic talent through the Google News Lab Fellowship by offering students and professionals interested in journalism and technology the opportunity to work with some of the most prestigious media organisations in the world. In addition, we partner with The Walkley Foundation to provide funding for its innovation fund and the Global Editors Network Editors Lab hackdays; both initiatives support creative and exciting new ways of delivering news and media content to engage and better inform Australians.

Mobile news

The rise in mobile access to the internet and digital services through smartphones and connected devices has prompted new ways of thinking about presenting news to readers.

Recognising that this rapid shift in user behaviour has implications for the consumption of journalism, Google has been working with media publishers to help optimise their websites and content for viewing on the go.

In collaboration with publishing partners we developed the open-source Accelerated Mobile Pages (AMP) technology that, when adopted by news publishers, allows readers to access news on mobile phones much faster - a critical requirement for keeping readers engaged.

Our research shows 53% of users abandon a site if it takes longer than three seconds to load.⁸ To help address this, AMP pages on average use 10 times less data, and load in little more than one half of a second.

This is good for media publishers like Fairfax, News Corporation and Nine News which have incorporated AMP technology into their websites. Research from ChartBeat Analytics shows web page visitors spend 35% more time exploring web pages that use this technology.⁹

⁶ Budak, Ceren, Sharad Goel, Justin Rao and Georgios Zervas, [Do not track and the economics of third-party advertising](#), 2015

⁷ <https://newslab.withgoogle.com/>

⁸ [The Need for Mobile Speed: Better User Experiences. Greater Publisher Revenue](#), DoubleClick by Google, September 2016

⁹ [The New Speed of Mobile Engagement](#), ChartBeat, June 2017

Partnering in advertising

From the very beginning, Google partnered with advertisers and publishers to help manage the transition to the Internet. As Google's founders wrote in their 2004 IPO letter: "AdWords connects users and advertisers efficiently, helping both... AdSense helps fund a huge variety of online web sites and enables authors who could not otherwise publish."¹⁰

Google's display advertising platforms, including AdSense, Google's original publisher network, operate on a revenue share basis where the majority goes to the website publisher. Google distributes 70% of its display ad revenues to publishers.

Overall, the global advertising market is vast and highly competitive. Different online and offline formats compete with one another to reach the same consumers: the global market for advertising is worth half a trillion dollars; in the U.S. digital advertising spend represents only one third of all ad spending.¹¹ Meanwhile, as more platforms become digital, naturally more entrants are entering a space with rapidly increasing competition.

When looking specifically at the market for online advertising, the story is one of change and continuing disruption; after all, it seems unlikely anyone could have predicted the market's current shape even five years ago in 2012, the year Facebook went public. The rapid shift to mobile platforms, the development of "screenless" interfaces, and new entrants (e.g. Snap, Amazon) have created new opportunities for new types of advertising.

Traditional news organisations are also signalling their intention to enter the programmatic ad-serving market, with reports that News Corporation¹² is preparing to launch its own competing online programmatic ad network and comments from Fairfax Media along similar lines.

In testimony to this Committee on 17 May, the CEO of Fairfax Media suggested Fairfax had the ability to enter and significantly disrupt the Australian market for programmatic, digital advertising, with Mr Hywood noting;

"There is absolutely no doubt that Google and Facebook are very good at what they do, and that has put a lot of heat on publishers to make sure we are as good as that. We also have data. In many respects, we have better data, in terms of people's habits and what they do."¹³

Of course, through several channels, traditional media businesses have already diversified and leveraged their longstanding, highly regarded brands to build online advertising businesses with great success.

While Australian advertising successes such as Carsales and Seek have grown from burgeoning start-ups at the beginning of this century, Fairfax Media and News Corporation

¹⁰ Google Founders IPO Letter, <https://abc.xyz/investor/founders-letters/2004/ipo-letter.html>, 2004

¹¹ www.journalism.org/2016/06/15/digital-news-revenue-fact-sheet/

¹² [News Corp. Enters Competitive Advertising Market. While Denying It Is Competitive](#), Huffington Post, 24 May 2017

¹³ [Proof Committee Hansard](#), Senate Select Committee into Public Interest Journalism, 17 May 2017

have likewise established highly successful cross-channel advertising businesses such as Domain and RealEstate.com.au.

Managing online content challenges

The internet has empowered people across the world to create content and engage in eyewitness reporting at a scale never before possible.

While this empowerment has enabled new channels to distribute misleading information, it has also made it easier for citizens to find and access reliable information, to seek out reputable sources and facts, often via Google Search.

The rise of fact-checkers and a greater plurality of news sources have given citizens much greater access to information in order to consider the veracity of news stories.

Misinformation online

We recognise the term ‘fake news’ can mean different things to different people, sometimes even including shoddy or inaccurate reporting. Drawing a line between what constitutes fake news and what is bad journalism can be arbitrary.

While no silver bullet can fully address the issue of misinformation and “fake news”, we have taken a number of actions to help address the issue of misinformation, misrepresentative content, and business models that rely upon misleading users.

Our approach is threefold:

- We collaborate with news organisations to make content from trusted news sources easily discoverable through Google News, and help Australian media publishers integrate new technology and innovative tools into their work through Google’s News Lab and the **First Draft Coalition**;
- We seek to support credible efforts of independent communities on **fact checking** and verification; and
- We seek to address the issue through Google Search by adjusting our algorithm to provide people with access to relevant information from the most reliable sources.

The First Draft Coalition

Google, via our News Lab, is a founding member of the [First Draft Coalition](https://firstdraftnews.com/about/)¹⁴, an organisation dedicated to addressing challenges relating to trust and truth in the digital age for newsrooms, human rights organisations and many others. Ever since its creation in 2015, the First Draft Coalition has deemed these challenges to be serious issues for newsrooms and tech companies, and has been determined to help find ways to address them, ensuring that high quality journalism remains at the fore.

¹⁴ <https://firstdraftnews.com/about/>

The ABC and Fairfax Media are members of the network and we're working together to provide training on the latest digital tools and tactics to fact-check and verify online content. For example, First Draft travelled to Australia to train journalists earlier this year.

Google also recently sponsored journalists from Australia to attend in-depth workshops held by First Draft and News Lab in Jakarta as part of UNESCO's World Press Freedom Day Summit, which focused on sharing tools and techniques for fact-checking and online verification.

Fact Checking

Google recently took steps to help publishers provide greater awareness to users of the tools available to them to consider the accuracy of a story; by enabling them to highlight [fact-checked content](#) in Google Search and News.

These labels will make it easier for publishers to highlight pieces that are about verifying third party claims or rumours, and enable them to showcase their verdicts on those claims directly in Search results.

This work has been a deep collaboration with the global fact-check community, and started with [sharethefacts.org](#), a collaboration with the Duke University Report's Lab.

Addressing misrepresentative content in Search and through AdSense

We remain committed to providing people with access to relevant information from the most reliable sources available, and our algorithms help identify reliable sources from the hundreds of billions of pages in our Search index.

Earlier this year, it became apparent that a small set of queries in our daily traffic (around 0.25 percent), were returning offensive or clearly misleading content, which is not what people were looking for.

By adjusting the signals which help determine the results we show - from the freshness of the content, to the number of times a given search query appears on the page - we are working to surface more authoritative pages and demote low-quality content.

In this way, we have made improvements in Search to help address fake news. We've strengthened our understanding of low quality content and further refined our algorithms. We expanded mechanisms for user feedback and published more information about our policies and how Search works.

In addition, we have policies for AdSense publishers that mirror our longstanding prohibitions on ads that deceive users. Our new policies against "misrepresentation" target website owners who misrepresent who they are and deceive users with their content. As our AdSense content policies state, "Users don't want to be misled by the content they engage with online. For this reason, Google ads may not be placed on pages that misrepresent, misstate, or conceal information about you, your content or the primary purpose of your web property."

Project Shield

At times, journalism is under threat from DDoS attacks, a simple and inexpensive way for anyone with an internet connection to take down a news organisation's website. This type of cyber attack is one of the most pernicious forms of censorship in the 21st century.

We have established 'Project Shield', working with the news industry, to provide a free service that uses Google technology to protect news sites from Distributed Denial of Service (DDoS) attacks.

No matter the size of the website or the attack, Project Shield provides free protection for news, journalists, human rights, and elections monitoring sites.