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18 February 2021

Press Conference, Parliament House, Canberra

Subjects: News media bargaining code; Facebook; labour force; NBN Co; disinformation code;

JOSH FRYDENBERG:

Good morning, it's a pleasure to be here with my good friend and colleague Paul Fletcher as we've been working together on the news media code and no doubt you have a few questions about developments today.

But first I just want to touch on the jobs numbers. The jobs numbers are in for January and they're good news for Australia. The unemployment rate has fallen to 6.4 per cent from 6.6 per cent, beating market expectations. There's been a net increase of more than 29,000 jobs, all full-time jobs. And we have seen the participation rate remain around record highs. We've seen around 350,000 jobs created in the last four months. We've seen the underemployment rate fall to 8.1 per cent, the lowest level since 2014. And when you look across the country and the states' performance, Tasmania is leading the way at 5.9 per cent unemployment. New South Wales at 6 per cent, Western Australia at 6.2 per cent, Victoria at 6.3 per cent, Queensland at 7 per cent, and South Australia at 7.1 per cent. This shows the remarkable resilience in the Australian economy and in the Australian labour market. Yes, JobKeeper is coming to an end in March. But the Australian labour market will continue to be resilient as we taper off those payments and move to other support across the rest of the economy. So, there are regions, there are sectors, there are many Australians who are still doing it tough, but the overall trajectory in our labour market has been in the right direction, and it shows the remarkable resilience of the labour market in the face of this once-in-a-century pandemic and this biggest economic shock since the Great Depression.

In respect to Facebook's actions today, Facebook was wrong. Facebook's actions were unnecessary, they were heavy-handed, and they will damage its reputation here in Australia. Their decision to block Australians' access to government sites, be they about support through

the pandemic, mental health, emergency services, the Bureau of Meteorology, were completely unrelated to the media code which is yet to pass through the Senate. But what today's events do confirm for all Australians is the immense market power of these media digital giants. These digital giants loom very, very large in our economy and on the digital landscape. The Morrison Government remains absolutely committed to legislating and implementing the code. And we want to thank Google for the very constructive discussions that they have been having with stakeholders, and we recognise the announcement earlier today between Google and News Limited about their successful negotiations. It follows on from the announcement by Channel Seven and Google, and the reports of the successful negotiations between Channel Nine and Google. This digital code, this new media bargaining code is very important microeconomic reform. It's one that was initiated by the Prime Minister when he was then Treasurer, and Paul and I have been working closely on, for some time, and I also want to note the hard work of Rod Sims and the ACCC, in getting to the point now where we have these successful negotiations between Google and Australian news media businesses paying for content, but obviously we have the developments today with Facebook. Paul.

PAUL FLETCHER:

Thank you, Treasurer. Just to add to your comments, of course, this is a process that's been underway since the Digital Platforms Inquiry commenced, based upon very thorough public policy work. And we have been very clear all the way along that we certainly want Google and Facebook to stay in Australia, continue to be important parts of the digital economy here, but at the same time if you're doing business in Australia you need to comply with the laws made by the elected Australian Parliament. So, it's been a very clear principle. We welcome the fact, the reports of agreements reached between Google and three Australian news media businesses, and the fact that, as we understand it, there are other discussions occurring. And I certainly endorse what the Treasurer has said about this very unfortunate decision by Facebook, this very unfortunate action they've taken. What they're effectively saying to Australians is, "You will not find content on our platform which comes from an organisation which employs professional journalists, which has editorial policies, which has fact-checking processes". They're effectively saying, you will not find information that meets those standards of accuracy on our site. That seems a very surprising position and one that is unlikely to be in the long-term interest of their brand. And, of course, the community impact of this is very significant. Of course, as the Treasurer has said, the fact that there are organisations like state health departments, fire and emergency services and so on who have had their Facebook pages blocked, that's a public safety issue. I've spoken to Facebook this morning and said the Government expects them to restore those pages as quickly as possible. There is great responsibility that comes with being a platform that, as the Digital Platforms Inquiry said, has over 17 million Australians visit it every month. And I have spoken this morning to the operator of North Shore Mums, which is a well-known Facebook page in my own electorate. Like a number of similar services around Australia, her page, her Facebook page, has been blocked, and that is of significant concern. So, we are very clear that we think this is the wrong action by Facebook. And, of course, we're very clear on the proposition that we're going to legislate the code. We have been talking to stakeholders all the way through, including Google and Facebook, and we'll continue to do that. But that principle is very clear.

QUESTION:

Treasurer, were you blindsided by this decision today, you most recently spoke to Mark Zuckerberg on the weekend so, you said that those discussions were constructive, were you blindsided this morning when you woke up and realised this was what Facebook had done?

JOSH FRYDENBERG:

Well, we certainly weren't given any notice by Facebook. And you're right, I spoke to him over the weekend, but I also spoke to him this morning. We had a pretty lengthy conversation, around half an hour, and it was constructive. I think there's some differing interpretations as to how the code would work. And we talked through some of those elements. And we're happy to help clarify some of those issues with Facebook. Because as Paul said, we want commercial agreements under the code, we want to implement and legislate the code, and we want the major players to stay here in Australia and to keep providing the services to Australians that Australians so enjoy. So, we are going to work through those issues with Facebook. I also want to point out that Facebook had been, up to this point, engaged in pretty constructive discussions with the Australian news media businesses. They had made quite a lot of progress. And deals were relatively close. Deals were relatively close. Google was always a little bit in front, and the pace of that progress really picked up over the last 72 hours. But Facebook had made significant progress, and they are committed to paying for content, and they did tell me that they like being here in Australia. So, we will look at their actions today. We'll hear from them in the coming days and we'll see if we can find a pathway forward. But the Morrison Government's position is very clear. We will legislate this code. We want the digital giants paying traditional news media businesses for generating original journalistic content. This is critical to sustaining public interest journalism in this country, and this is world-leading.

QUESTION:

If you're having constructive conversations about this and you felt like deals were close between Facebook and the media organisations, potentially the Government on kind of where you were moving with this, what went wrong overnight? Why did Facebook do this now?

JOSH FRYDENBERG:

Well, they saw the passage through the House of Representatives of the legislation yesterday. It hasn't gone through the Senate. They saw the passage of the legislation through the House of Representatives. And they interpreted some of the provisions in a specific way. Now, they've clearly made public their concerns about the code as it stands. We will work through some of their issues, as we did over the weekend with the Prime Minister, with Google. And we were able to provide some clarifications and some technical amendments which we moved through the Parliament this morning with bipartisan support. So, let's see where it goes. But Facebook is in no doubt that we're committed to the code, but also we would like to see them here in Australia. But I think their actions today were unnecessary and wrong.

QUESTION:

What's your message and advice, then, to not only the Australian public but to government agencies? Are we too reliant on Facebook now?

JOSH FRYDENBERG:

Well I'm sure Paul will want to add to this, but Facebook is a part of the broader media digital landscape. Many Australians rely on Facebook for their information, information that may be very important, credible information about Government services and the like. So, it does show you how integral they are to the provision of news. That being said, they should also pay the traditional news media businesses for generating content.

PAUL FLETCHER:

Look, I'd agree with that comment. And the only thing I would add is it's a very dynamic environment. We've seen, all of you working in the media business, have seen enormous changes, an extraordinary rate of change. And I do make the point that people move and adjust if services are withdrawn or changed in the way they're delivered. And I'm sure Facebook would be conscious of that as well, that by withdrawing services, they're doing themselves commercial damage. And I'm sure they're thinking about that very carefully.

QUESTION:

Treasurer, will Google be exempt from the Code now that it has struck deals with the major news organisations?

JOSH FRYDENBERG:

I don't want to pre-empt decisions around the designation process. What I have said consistently, privately and publicly, is that if commercial deals are struck, that changes the equation. And I'm not talking just about commercial deals with Channel Seven or Channel Nine or News Limited; we're looking for a broader range of deals, including with the regional players and the smaller players, and, as I understand it, that is what is happening.

QUESTION:

You said you've spoken to Mark Zuckerberg this morning. Is what's happened overnight brinkmanship? And does he and Facebook want changes or amendments to what is before the Senate now?

JOSH FRYDENBERG:

Well, again, he did explain to me that they had concerns with aspects of the Code, and it goes to the interpretation of some of its elements, and he will come back to me with some more considered views, and we'll listen to him and discuss that with the Prime Minister and with our colleagues, and we'll make decisions then. But we are committed to the Code. We have passed it through the House of Representatives. But at the same time, we're happy to engage in this discussion.

QUESTION:

If this stand-off can't be resolved and the Code does become law, will it still be able to be applied to Facebook so that media companies can seek payment from them? Or is it just a redundant process then?

JOSH FRYDENBERG:

Again, I don't want to get into the realm of hypotheticals right now, because what we have is a code that's before the Parliament that is yet to pass. What we do know is that there has been successful negotiations, really world-firsts, between Google - a giant company, with a massive global presence - and Australian media businesses. And that's a good thing. With respect to Facebook, they were pretty well down the pitch, and they had entered into good-faith negotiations with the media businesses. These actions have come at the eleventh hour, and we will see what transpires over the period ahead.

QUESTION:

Treasurer, Facebook has shown in the past it doesn't seem to care about its reputation. It's done very little, for example, to stop paedophiles from using its Messenger service. What makes you think that they won't just leave the news market altogether in this situation?

JOSH FRYDENBERG:

Well, I'm sure Paul will want to talk to this as well, because we have taken on the digital giants, and the Prime Minister has played a leadership role through the G20 about the dangerous content that's been posted, and the importance of regulating that. I've said before, and on Insiders a few weeks ago, when it was put to me that Google had threatened to leave Australia, I said I didn't dismiss those threats, but we weren't intimidated by them either. And that still applies to Facebook. Having spoken to the Prime Minister this morning, Paul and I know that the Government's resolve remains very firm and very strong.

QUESTION:

Treasurer, Facebook's response this morning - to follow up Jono's question - Facebook's response this morning was claiming that the law does not provide clear guidance on the definition of news content, and that they have had to take a broad definition to respect the laws as granted. Do you believe that's correct?

JOSH FRYDENBERG:

No.

QUESTION:

Do you believe that that definition could be tightened? And, on a second point, if I could, we've seen health departments, we've seen government agencies caught up in the Facebook block. Are you concerned about how this might affect a vaccine rollout, for instance, around information on vaccines, information on how people can get vaccines once they're available?

JOSH FRYDENBERG:

Well, I think these are very serious issues as to the ability of Australians to access credible information here. We're talking about government sites. And that is why we welcome Facebook's latest announcement that they will reverse the removal of access to those government sites. So, let's just wait and see how that plays out today. But we welcome that. Look, we don't accept that interpretation of the definition of "news". It's very clear in the legislation it doesn't apply to government information, but, Paul, you might want to add to that?

PAUL FLETCHER:

Yeah, we don't accept that. If there's some misunderstanding, we're happy to work through and clarify that. But the provisions of the Code are very clear. And I would make this point - I mean, the Code is not in law yet, so the argument that they had no choice but to do this because of the breadth of the definition of "news", the Code is not yet in the law, so it raises an obvious question: why are they doing this now?

JOSH FRYDENBERG:

I'll take the last question here, and then we'll go to Mark.

QUESTION:

Thanks. Are you comfortable with NBN Co paying out \$80 million in bonuses during the pandemic? Is that within the Government's expectations of those matters?

JOSH FRYDENBERG:

You're speaking to a stakeholder here...

PAUL FLETCHER:

Can I make a number of points. Firstly, a substantial proportion of those bonuses were paid to front-line staff. Secondly, NBN is set up as a government business enterprise. It was set up in that fashion by the Labor Party, we inherited those arrangements, and as part of being a government business enterprise, it employs people on business terms, and it needs to compete in the marketplace. Now, I should also add that the Finance Minister, Senator Birmingham, has written to all GBEs, including NBN, to remind them of the Government's desire to see constraints on salary increases and ask them to respond - all GBEs - ask them to respond in terms of what are the implications of that in terms of at-risk remuneration, and my office has communicated with NBN this morning just to remind them of that.

JOSH FRYDENBERG:

Mark.

QUESTION:

Treasurer, in your conversation with Mr Zuckerberg, I think you said he was going into detail the legislation. He's obviously across what's happened -

JOSH FRYDENBERG:

He is.

QUESTION:

- going through the line items. So are you confident you can get an agreement from him on those issues? That we are going to get some sort of agreement?

JOSH FRYDENBERG:

Time will tell.

QUESTION:

And secondly, another point, Facebook obviously knew you were going to respond the way you responded today. They probably expected you to go out harder, frankly. So, they don't really care what governments do. They think they're bigger and tougher than governments. Are you tough enough to stand up to Facebook?

JOSH FRYDENBERG:

Well, we've stood up to the digital giants so far, Mark, and that's why we're here today, with deals that have been struck with news media businesses that are going to help sustain Australian journalism. I took their threats pretty seriously. But we didn't budge. The Prime Minister didn't budge. The Australian Government makes laws for Australians. And we want the rules of the digital world to replicate the rules of the physical world. So, we've been sticking to our principles and we have been sticking to our guns. And that's why you've actually seen movement with Google. With respect to Facebook, they've made their actions pretty plain today. We'll see if we can reach some clarifications and get them back to the table and keep them providing their service here in Australia. But our commitment, our number one commitment, is to legislate this Code.

QUESTION:

In your conversations with Mark Zuckerberg and others in Facebook, and perhaps the Minister can answer this one as well, have they ever intimated their fear that what happens in Australia becomes something that happens elsewhere in the world? So, it's the fear of precedent. And also can I ask a question? I've got to admit it comes with a bit of self-interest, when it comes to the ABC and the Code, you said this morning, Minister, that it wasn't your intention to dock any money that goes to the ABC, should they strike deals with Google. Intention is one thing, but do you pledge not to do it? And I'll ask the same question of you, Treasurer.

PAUL FLETCHER:

Andrew, can I congratulate you for assiduously asking the question that every ABC journalist asks. I have been asked this by a lot of ABC journalists. I repeat the point, we have been very clear, any proceeds that the ABC receives under the Code are not going to be debited from, lead to a reduction in the funding that the Government is otherwise providing to the ABC.

QUESTION:

And on the precedent...?

JOSH FRYDENBERG:

Yeah, well, it's fair to say the eyes of the world are watching what's happening here in Australia in real time. I've had calls from my counterparts in other parts of the world, very interested in developments here with our Code. There's no doubt the work of the ACCC, which has been over more than a couple of years, has been world-leading. So, other countries are watching, but also

Google and Facebook and other digital giants are very focused on what it means, as far as a precedent goes, for other countries. And I think that's part of the reason why the heads of these organisations have been so engaged.

QUESTION:

Could I ask one for each? For the minister, will the Government beef up its Code of Conduct on misinformation on social media so that it's mandatory rather than a self-regulation model? And for the Treasurer, are you worried that the Nationals backbench freelancing on energy policy is an attempt to destabilise Michael McCormack's leadership?

JOSH FRYDENBERG:

Let me go first. Well, Michael McCormack's proven to be a very resilient leader of the National Party. And the National Party and the Liberal Party have worked very effectively together in Coalition under Scott Morrison and Michael McCormack. With respect to energy policy, it's a pretty complex area, as I know. If I took off my jacket, I could show you the scars from being the Energy Minister. There are lots of different views. There are lots of different views, and the great thing about being a Member of Parliament is you have an opportunity to air your views. So, let Angus Taylor, as the responsible Minister, deal with those issues. But when it comes to the bill before the Parliament, obviously that's about setting up a reliability fund. We have a very strong track record of lowering energy prices, of getting a more affordable system, a more reliable system, and I think that is helping Australians pay less for their power bills. Did you want to -

PAUL FLETCHER:

Just on the Disinformation Code, so it was an ACCC recommendation that we develop a voluntary code, working with the sector. That's the model that's been used in the European Union. That Code will come into effect shortly and the Australian Communications and Media Authority will report to Government by 30 June on the effectiveness of that Code. If there's a need to use stronger powers, then we're certainly prepared to do that.

JOSH FRYDENBERG:

Treasurer, how do you respond to the concept that Facebook is concerned about the Non-differentiation Code in the clause in the legislation, and that if it develops new products, services or changes its news feed product that it could be forced to renegotiate deals with news publishers under the Code, and it's concerned it doesn't want to have to keep renegotiating. How do you respond to that?

JOSH FRYDENBERG:

We don't share that interpretation, and obviously that is, you're right, one issue that they've raised with us. It's been a pretty long process, Paul, in putting together this code. It started off as a voluntary code, then it became a mandatory code. We originally had one-way value exchange, now we've got two-way value exchange. The final offer arbitration model is being heralded as an important aspect of this code, and so too with the non-differentiation or non-discrimination clauses that are put in place. I think one of the misapprehensions about how this code would operate is that somehow the digital giants have to strike hundreds of deals. That is not the case. We have a pretty concentrated media market, but what we also saw in the submissions to the

code's development was that a number of the smaller players came together and put in a joint submission. So too that can work in terms of default offers being presented to some of the smaller players by the digital giants. They're conscious of that, and so I think that again is one of the misapprehensions that we're working through with them.

JOSH FRYDENBERG:

And then I think Matthew has a question so we'll have one up here.

QUESTION:

He's got a jobs question, so you'd better take that one as well. It's the Facebook [inaudible] meets market power here looms large.

JOSH FRYDENBERG:

It does.

QUESTION:

Outside this bargaining code, are you considering extra regulation or broadly anything else with regards to Facebook's market power? I know that the Google ad tech ACCC inquiry made a note of Facebook's power in this area. Can you take us through anything more broadly we need to look at?

JOSH FRYDENBERG:

Well, that's a separate discussion about ad tech. As you know, as a draft report, it's gone out, and again it goes to the ACCC's important work in an important area, with some important conclusions and findings. But this is what we're focused on right now. Trying to lock in the code through the Parliament, legislating what has been world-leading analysis and policy development by the ACCC. Back to Mark's point, by the hard resolve of the Morrison Government to see down those threats wherever they come from. That is what we have been focused on, and that's why we're here today. I don't want to lose sight of the fact that Google and News Limited this morning have announced a deal. And you saw earlier this week Channel Seven, and reports of Channel Nine's deal. This spans both print and television, and all the other services that your broadcasters provide. It's a massive step forward we have seen this week. But if this was easy, every other country in the world would have done it already. But they haven't. And they haven't because there is this unequal bargaining position between these digital giants and these traditional news media businesses and this Government has had the commitment, over a long period of time, to get to this point. The job is far from done. There are some difficult days still ahead. But our commitment and our resolve is firm. Last question.

QUESTION:

Just on the rapidly recovering labour market, surprising economists, pretty fast. What does that mean for your attempts at industrial relations policies? Because I would have thought that a really fastly recovering market would actually give employees some extra room at the negotiation

table? Minister Fletcher as well, before you mentioned there was a public safety issue with what Facebook had done. Does that also mean that you're starting to consider these platforms now as a public utility?

PAUL FLETCHER:

Well, I'm simply making the practical point that it's a communications means which is used by many public safety agencies and government departments. And if that communications channel is suddenly withdrawn, then that raises very significant concerns.

JOSH FRYDENBERG:

And just to finish off, as this is the last question, I'm glad we've finished off on the topic of jobs. Because it has been a remarkable recovery in the Australian labour market. To see the unemployment rate fall to 6.4 percent today and to beat market expectations, and to see a net increase of more than 29,000 jobs, all of which are full-time, is something to celebrate, despite the challenges that still remain. But it's important to understand that, even as JobKeeper comes off, there are other supports going into the economy, the tax cuts, the infrastructure spending, the JobMaker Hiring Credit, as well as the business investment incentives. But we've still got to keep driving economic activity and boosting productivity. And reforms around the labour market and more flexible workplaces, and extending from four to eight years the enterprise agreements on greenfield sites is a good example of what's good for the economy. So, for Labor to oppose our industrial relations reforms, holus-bolus showed an ideological opposition to economic reform, just as they've sat on the fence when it comes to the digital code. They would have got splinters from sitting on the fence for so long. I mean, the reality is this is an important microeconomic reform with respect to the digital platforms and with respect to industrial relations that is another way to boost productivity. And a lot of these reforms do require bipartisan support to get through the Parliament, unfortunately they haven't always received it. But today's labour market numbers are very positive and encouraging. Thank you.

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