



GNM Australia Pty Ltd

Media Diversity Submission

December 2020

Guardian Australia exists because of concerns about Australia's concentration of media ownership.

Malcolm Turnbull's "despair" about the state of Australian journalism prompted him to suggest to then Guardian editor in chief Alan Rusbridger in 2012 that he set up an Australian operation, as outlined by both men in their recent books.^{1 2} Similar concerns motivated Wotif founder Graeme Wood to underwrite the operation with a seed loan. Guardian Australia editor Lenore Taylor has written that her decision to leave Fairfax media and accept the job as the Australian site's first political editor was also motivated by a desire to introduce a new voice into one of the most concentrated media markets in the world.³

But since Guardian Australia was established in 2013 media diversity in Australia has not increased. There have been two significant sales increasing concentration - Nine acquiring Fairfax and News Corp buying APN News and Media, and one decreasing it - Nine's sale of regional and community papers to Australian Community Media. [According to calculations by Guardian Australia's data editor Nick Evershed](#), the Covid-19 crisis of 2020 hastened the closure of many smaller, independent publications, and saw at least 1,000 Australian journalists lose their jobs. The net effect of these changes is that Australia remains one of the most concentrated news markets in the world, with News Corp accounting for 52 per cent of the market by readership, and the biggest four players making up 92 per cent. There are also significant "news deserts" emerging, particularly in suburban, rural and regional news.

The existence of Guardian Australia was cited by the [ACCC at the time it approved the Nine takeover of Fairfax. The regulator acknowledged that that deal](#) reduced competition in the market for Australian news and information, but said it did not reduce competition sufficiently to be in breach of the law because "other players, albeit smaller, now provide some degree of competitive constraint". The first listed "other player" was Guardian Australia. We saw that as a challenge to continue our growth, which has been consistent.

The Guardian had around one million unique readers in Australia each month before we launched an Australian edition. Our audience now stands at around 6.7 million readers a month after six and a half years. At the height of the Covid-19 crisis in March we reached 11.6 million unique readers.

We now employ 112 full time equivalent staff - 76 in editorial and 33 in commercial and operations, as well as approximately 30 casual employees. Our revenue has grown

1 <https://www.amazon.com.au/Breaking-News-Remaking-Journalism-Matters/dp/0374279624>

2 <https://www.hardiegrant.com/au/publishing/bookfinder/book/a-bigger-picture-by-malcolm-turnbull/9781743795637>

3 <https://www.theguardian.com/commentisfree/2020/apr/16/guardian-australian-malcolm-turnbull-media-diversity>

consistently since launch and we have returned a profit in the past three years, which we have used to fund further expansion.

But our success in establishing a successful national media outlet in Australia was possible because of specific circumstances that helped us overcome significant barriers to entry and would not be easily replicated.

First, we had the benefit of all the resources of one of the world's biggest news operations - not just the news itself, but in publishing and technology platforms, data and analytics systems, commercial insights and product development, as well as international content. This meant that we did not have to dedicate substantial funding to technology and international content, and could spend most of our startup funding on what our concentrated news media market needed most; more local journalism.

Second, Graeme Wood's seed loan - now repaid - allowed us to expand to a commercially viable size much more quickly than we could have on our own steam. This allowed the Guardian to absorb losses for the first four years of operation as we grew an audience of sufficient scale.

Third, we established a mechanism to accept other philanthropic donations to conduct public interest journalism in an editorially independent way. Three years ago we launched the Guardian Civic Journalism Trust, overseen by the University of Melbourne, which allowed us to offer deductible gift recipient status for philanthropic grants. We now have four positions funded by philanthropy - Indigenous investigations and a culture reporter funded by the Balnaves Foundation, an environment reporter funded by the Limb Family Foundation and the new Pacific reporting project funded by the Judith Nielsen Institute. The terms of the Guardian Civic Journalism Trust ensure we work with Melbourne University's Centre for Advancing Journalism by including an educational component in our philanthropic projects, primarily by taking interns. We do not foresee philanthropy being a major ongoing source of recurring revenue, but it has allowed us to undertake specific in-depth public interest journalism years earlier than we might have been able to fund it on our own, and we hope that this will continue.

Guardian Australia was established on the assumption that a news organisation could survive on ad revenue alone. Three years later it became clear that while advertising revenue remained crucial, competition from the dominant publishers of Nine, News Corp and Seven West Media, and increasingly from Google and Facebook, meant that it was not enough. The digital advertising market continues to grow, but the ACCC estimates that Google and Facebook have an 81% share of this market, with their dominance of digital advertising accelerating in 2020. The scale of Nine, News Corp and Seven West Media's sales teams also means the Guardian's share of advertising spend is not commensurate with our growing audience. Advertising revenue has been flat for the last three years.

In an effort to diversify our revenue, the Guardian considered introducing a paywall, but ultimately decided against it because we wanted our journalism to be read as

widely as possible, even by those who can't afford to pay. We embraced a different model, asking readers to make voluntary financial contributions for something they truly value, even though they don't have to. The model is working here and around the world. Reader revenue now accounts for over 60 percent of our revenue in Australia.

Like a subscription model, reader revenue aligns what we get paid for with the best of what we do. We aren't chasing cheap clicks, we are chasing meaningful reach, and we are rewarded the most for doing the best and most engaging journalism. But at the same time our journalism is not behind a paywall and remains open to all.

Despite our growth there remain significant gaps in our public interest reporting which we are working to fill. These include state political reporting, court reporting and regional and rural reporting. We plan future expansions of our public interest journalism through reinvesting profits and through any payments we might receive from the digital platforms as a result of the news media code, or negotiations alongside it.

We do believe there is more that governments could do to ensure the future of public interest journalism, particularly via tax relief, either through zero-rating of the GST for digital news products or a refundable tax rebate for expenditure on core news, as also advocated by the Public Interest Journalism Initiative.

We applaud the government for awarding AAP \$5 million through its public interest news gathering grants. Guardian Australia has become less reliant on wire copy as we have grown, but we are still dependent on AAP, in particular for its photographic library and news photography service, its court reporting and its daily news diary. Many smaller news organisations simply could not survive without access to AAP's content.

Guardian Australia will continue to grow - in readership, reach and influence. Its entry into the Australian market is one positive development in a challenging decade for media diversity and public interest journalism, made possible by a specific set of conditions that are not easily replicated.

Dan Stinton

Managing Director, Guardian Australia