

# Standing Committee on Communications and the Arts

## Inquiry into Australia's regional newspapers

### - Star News Group Pty Ltd Submission

#### Introduction

Star News Group is an independent Australian, family owned media company and leading provider.

In Melbourne's south east Star publish the Berwick Star News, Pakenham Gazette, Pakenham Officer Star News, Cranbourne Star News, Dandenong Star Journal and Endeavour Hills, Doveton, Hallam Star Journal.

In the Shire of Yarra Ranges, Victoria, Star News Group publish six titles under the Star Mail brand.

In Melbourne's West Star publishes six titles under the masthead Star Weekly. Star also publish the Geelong Independent as well as the Ocean Grove Voice on the Bellarine Peninsula.

In Queensland Star News Group publish Noosa Today, which distributes to audiences in the Noosa Shire. Star is also partnered to produce South Burnett Today and Central & North Burnett Today as well as Gympie Today, CQ Today, Ipswich News Today, Greater Springfield Today, Longreach Leader, Gladstone Today, Coolabah Coast Today, Queensland Farmer Today and Bundaberg Today. Star also publishes Warwick Today and Stanthorpe Today newspapers in the Southern Downs, QLD region.

On the Limestone Coast, Star is partnered with South Australian and Victorian publishers to produce The Border Watch based in Mt Gambier.

Star publishes a number of niche titles in print and online including area specific "Kids" publications targeted to parents, as well as a numerous education titles under the Themes Education brand. Star also publish The Victorian Probian on behalf of the Victorian Probian Association.

Star recently purchased Local Government Focus (LG Focus), a monthly national publication for local governments.

Star also operates Fermax Distribution company, a letterbox distribution business as well as our contact centre Network Classifieds along with the Today Services Home Delivery customer contact centre.

In recent years the company has taken on a digital focus with Digital Edition epapers, websites mirroring each of its mastheads and have a thriving social presence. As well as a digital marketing venture called Media Platform, which provides a comprehensive solution for businesses wanting to take control of their online presence through a variety of digital marketing products. Additionally Star has a partnership with real estate listings site realestateview.com.au

A progressive publishing company, Star News Group has a reputation for developing a diverse range of community publications.

Throughout its more than 100 years history Star News Group has always connected with people and communities and is proud of its commitment to both clients and readers. The local newspaper is the heart of the community. Star News Group has always been committed to the communities it serves; reflecting the opinions, lifestyles, aspirations, concerns and personalities of the community and helping to grow the businesses of its many advertisers. Star News Group newspapers are fresh, quality publications, offering advertisers cost effective, ROI positive options to reach their target markets. Importantly, our people are committed and ready to offer advertisers and readers exemplary service in both print and online.

Star News Group offers businesses a comprehensive marketing solution from mass media print, social, online and more.

## **Terms of reference**

### **1. The impact of decisions in a number of markets in regional and remote Australia by large publishers such as News Corp and Australian Community Media to suspend publication of print editions**

The large publishers, News Corp and Australian Community Media's decisions to suspend print editions has had a significant impact on regional communities across Australia. Although the end results have not been all bad due to independent media being able to fill the void and in fact provide local non syndicated and non click bait news, which had become the norm for most of News Corp regional publications.

Local printed newspapers are, in most parts of regional Australia, the only form of true local news, holding the powerful to account and providing a voice to the weak. Digital only businesses have been largely unable to provide a business model for commercial success. In addition the proliferation of social media with so called "news" which has not been written by a qualified journalist, not fact checked and providing no balance has meant quality local media has never been needed more than now.

Older demographics are also highly dependent on printed media for their local news and information. Television, radio and other mass media do not provide the level of content required and those newsrooms have become largely centralised and syndicated, providing little or no local news content. The ABC often provides some local relevant content, but in

large they cover large areas and have few journalists in comparison to local print news businesses.

ACM and News Corp abandoned many regional communities with printed publications, and in most instances, abandoned them with local news, as they simply redirected their sites to their larger or metro publications and have in many instances just provided lip service to local news in those markets.

The terms of reference specifically refer to regional Australia but consideration must be given to all parts of the country as News Corp abandoned local communities across the various capital cities including the fringe suburbs. News Corp dominated each of the metropolitan areas across the country with groups such as Messenger in Adelaide, Leader in Melbourne and Quest in Brisbane. They had spent years buying up local media owners or squeezing them out. Many of these communities rely heavily on local media to hold local governments to account, ensure proper and appropriate development and services. This committee must consider these vital communities, especially the growth areas and the impact of no media available following News Corps's decision to leave. Star News Group continues to service most of these fringe suburbs in Melbourne but not across other parts of the country. An example of the vital role local media can play in these more suburban, fringe areas is the recent Victorian Independent Broad-based Anti-corruption Commission enquiry into the City of Casey and in particular Councillor and former Mayor Sam Aziz. Star News Group played a key role holding Cr Aziz and others at the City of Casey to account.

## **2. The extent to which there has been entry into these or other markets by new operators, particularly small businesses**

In regional areas a number of communities have rallied to get a newspaper to fill the void or experienced newspaper professions have seen new opportunities. In many instances daily papers have been replaced by weekly or bi-weekly publications but generally the news is now more prolific and more local so the communities are actually happier and have embraced these new publications. Our company has been involved in a number of these start up publications with other shareholders or we have purchased failing publishing businesses over the last 18 months. Overall we have been involved in 12 new newspapers or purchases over that period. We have been able to assist with economies of scale at the back end, financial support and publishing expertise. But we have local people, some with local ownership, with true local commitment.

Many markets we have looked to assist have been too small but we have also taken commercial risk to move into areas such as Longreach, specifically because we believe those communities must have a local newspaper and the communities have been crying out to have a true local news service. The commercial risk is high and it will require excellent cover sales as well as advertising commitment. Some specifically targeted financial assistance by Governments to assist commercial operators to start news services is vitally needed in many of these very small communities. Almost every week we are asked to look at a small community.

We have also seen a number of small newspaper operators start up, but they have failed within months, such as Mackay Local News. These operators are usually too small and/or inexperienced. Most success has been seen by current newspaper publishers with the knowledge, skill and most importantly economies of scale to make it work in an extremely difficult environment.

In some markets government funded operations, using rates or taxes are now funding large scale "news" operations, which are simply marketing machines for their operations under the pretence of news. These operations are extremely dangerous for a democratic society and governments need to legislate to ensure these types of government funded news organisations are not able to exist without a charter independence, arms length operations, full disclosure of the entire costs associated with the operation and a true and balanced news room able to criticise the organisation that funds them. One current organisation involved producing a fully funded "news" operation is Bundaberg Regional Council with Bundaberg Now. Bundaberg Now only produces good news, it never criticises council, acts as a marketing arm of council but purports to be news.

### **3. The impact of the News Media Bargaining Code for regional and remote newspapers**

The News Media Bargaining Code will provide some vital and well overdue monetary payments by the Digital Platforms but the payments come with some significant added costs. More also needs to be done to ensure those platforms are taking the commercial risks with comments and defamation.

The payments negotiated by our company through our industry body using collective bargaining will provide a great platform to assist us to provide more resources and start to transform some elements of our business into a stronger digital business, which provides the basis of a news business for the future, but the funds are far from what needs to be replaced from print cover sales and advertising. The Platforms control digital advertising and pricing and users have also become accustomed to free news online, making a commercial digital business difficult.

The monies being provided by the Digital Platforms have been commercial agreements and require added resources and costs. The deals are not simply payments for existing content using existing infrastructure. We have added numerous journalism resources, infrastructure and software development to be compliant with the requirements of the agreements.

Publishers should not have to be exposed to the entire risk of defamation and online commenting and at very least a publisher should be allowed to turn all comments off. If a so platform does not allow a publisher or user to easily turn off comments then that platform should be exposed to equal risk.

**4. The degree to which there has been economic recovery in regional and remote markets from the impacts of COVID, and whether this has led to advertising revenue improving.**

The COVID impacts in Victoria have been significant. Our company is still heavily reliant on Government advertising from State and Federal Governments for survival. Local businesses will take many years to recover. Marketing will return slowly.

Queensland and South Australia, having been less impacted where lockdowns had less revenue devastation but with the recent opening up of these States' businesses this has seen a significant reduction in confidence, staffing and revenue.

With the current Omnicom variant the overall revenue in most areas is the worst it has been since the start of the pandemic. Communities are in self imposed lockdowns. Business are closed due to lack of staff and there is a significant lack of confidence. So far January 2021 has seen revenue across all publications lower than 2020.

**5. Recommendations.**

- i) The ACCC recommended grants for local journalism and the establishment of a \$50 million fund in their final recommendations to the Government in 2019. The PING funding was a quickly organised fund to assist news businesses in line with this but most of the funding went to large media businesses and AAP, a producer of syndicated news had two significant hand-outs. PING provided vital funds at a time news organisations needed it but any future fund needs to be significantly different.

Producers of local, non-syndicated news should be the focus of any ongoing fund with an emphasis on providing funds for journalism and sustainable newsrooms for regional as well as local community news in metro regions. The funds should also be for smaller organisations.

Monies should be made available as part of any fund for news businesses to provide local news service to under provided regional areas and metropolitan regions.

The initial funding needs to take into consideration the ongoing impacts of COVID-19 and once again enable funds quickly and easily accessible.

- ii) The Federal Government needs to take action to ensure publishers do not take all the risks with defamation issues due to digital media commenting.
- iii) Action needs to be taken to ensure government funded operations are not able to run "news" organisations, such as Bundaberg Now without full disclosure.