

Submission, Inquiry, Australia's regional newspapers

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I am writing this as someone with unusually deep experience in country newspapers, but also someone capable of standing back from that experience and writing from the perspective of a research scholar. This submission is made in my role as director of the Small Newspaper Company, but my day job—and primary position—is as an associate professor in the School of Business and Law at Central Queensland University in Brisbane.

The inquiry no doubt takes as a given that the world of print newspapers is in decline and not just the numbers (newsprint, circulation, advertising number of titles), but the decisions made by people who are paid to focus coldheartedly on those numbers reflects that decline.

The capacity of the world's major producers of **newsprint** has been falling steadily (EMGE, 2019), and that fall equates to both a decline in the number of publications, editions, and pages being produced globally. In almost every market, bar India, **circulations** continued to shrink—ranging from a 48% fall in Brazil in the five years from 2013-2018, to a mere 15% in Japan over the same period. EMGE. In 2019, in the run-up to the COVID-19 crisis, newspaper circulations continued to fall in the developed world, with Pew research showing circulation figures in the US for example dropped to their lowest level since at least 1940, when reliable records began to be collated (Pew, 2019). In some cases these figures have been more dramatic—particular titles in Australia and internationally lost two thirds of their audited circulation over a period of just five years (Harte, Howells, & Williams, 2018) leading to restructures, amalgamations and closures.

Advertising spending is also falling. In 2019 alone, global advertising spend for *newspapers* declined by over US\$6 billion, while television, radio, cinema and outdoor advertising continued to grow. Small or large drops in circulation, and large, sustained drops in advertising revenue (Newspaper Association of America show a steady decline in revenue since the 1950s) (Angelucci & Cagé, 2019). The newspaper industry is what Angelucci and Cagé call “canonical example” of a two-sided market (2019), where advertisers and readers form the two ‘markets’ for the newspaper proprietor, with the characteristics (and presence) of readers determining the characteristics and presence of advertisers, and to a large extent, vice versa.

Collectively, not surprisingly, this rapid evolution has translated into an absolute loss of **newspaper titles**. Even national titles, such as the 168-year-old *News of the World* (BBC, 2011) and titles as prominent as the Pulitzer-prize winning *Tampa Tribune* and the *Cincinnati Post* (Schulhofer-Wohl & Garrido, 2013) have closed or merged. In Australia that collapse has been cataclysmic, but it is worth noting that the losses have been disproportionately in two categories: rural and regional titles...and in titles owned by the top two ‘chains’, namely News Corp and the Fairfax/Nine newspaper group. Ironically, the pandemic has seen a decrease in the dominance of News Corp, according to one analysis (Evershed, 2020), and an increase in diversity particularly in rural and regional Australia, but a closer analysis suggests that this increase is not quite as healthy as it seems.

I've conducted an analysis of the new newspapers that have arisen (and weight given to my analysis needs to be tempered by an understanding that I am director of one of the companies that has started titles in this pandemic era), and these new titles are quite different to the ones that they ‘replace’. These papers are generally quite ‘news light’, and with a focus on advertising and ‘community news’. They are staffed by people who are enthusiasts about the community rather than news. They have a tendency towards boosterism, rather than reportage. **Do these newcomers truly fill the gap?**

It is true that one of the most distinct impacts of the loss of a newspaper in a discrete rural community, particularly in rural Australia where the age profile is older, and internet connection is less secure, **is the loss of social capital**: the means to tell and retain the stories of communities is lost, and a weakening of community identity. The new titles fill this important gap, able to advertise events, births, deaths and marriages.

However, the impact of the loss of print newspapers, which still register both at the community and government level as more 'serious', more impactful and influential than online news, is measurably more significant to a community than the loss of an online news source.

I will explain this partly drawing on my history as a newspaper publisher, and partly on the basis of what the broader research shows.

I started the Southern Free Times in 1999, on the strength of a credit card and a hardworking partner in my late wife Susan. At that time, I had run a small unsuccessful radio station in my home town of Warwick for some years and was repeatedly told that advertisers preferred print, something they could see and hold in their hands—unlike a radio ad. A little like the tale of the shoemakers and elves, I had enough money to print one edition...and the advertising I sold in that edition paid for a second, and so on. The Southern Free Times was a free newspaper, a very expensive enterprise to run—as the publisher paid for the full cost of printing and distribution with one source of revenue, advertising. The paper grew steadily, eventually printing and distributing 16,000 copies through four shires in NSW and Queensland.

The key lesson I learnt was that no matter if the paper was printed in black and white or colour, or if it was laid out like a 'rag' or a 'quality' newspaper, a newspaper in rural Australia had unparalleled *power*. Even though I was not a trained journalist, I quickly began treating the news with the respect it deserved, reporting 'real' news, in particular council news, in depth. I attended council meetings, taking thousands of words in verbatim notes...ran opinion polls using my knowledge of surveying as a research psychologist—in short treating my little free paper as if it was *The Australian* of the region. Within a few years, the paper began pulling in advertising revenue, in a single edition, that exceeded the century-old *Warwick Daily News* in six editions. We bought our own heatset web press—the first private country newspaper in Australia to do so—and began printing for other independent country newspapers.

I quit the newspaper game in 2010, and took a role first as research fellow (at Griffith University) and then later as a senior lecturer and then associate professor at Central Queensland University, but when News Corp shut the *Daily News* and the *Stanthorpe Border Post*, print editions, I took up the challenge and started a new publishing and printing operation from scratch. I created two new **paid** newspapers, which in terms of viability and approach are usually very different to free newspapers.

The reason I did so can be summed up in four points.

1. **Firstly, real newspapers, with real journalists matter in country areas as much as in urban Australia. Evidence suggests there are societally important differences between the impact of 'real' print newspapers with 'real' news as distinct from digital news which is driven by clicks—which is driven by what individuals 'want' to read, rather than what professional journalists determine (rightly or wrongly) is news that the community needs to know.**

There are a number of different kinds of damage. **Firstly**, according to Nielsen (2015) the whole news ecosystem is fundamentally damaged, and communities disappear from the radar of central government. In other words, the ability of a community to

communicate important priorities to state and federal government are diminished by the departure of print media.

Secondly, international studies show that rural newspapers traditionally play a role in providing accurate access to health information in rural areas (Marlenga, Berg, & Gallagher, 2017; Spencer & Real, 2019) with the Public Health Association of Australia (PEAA, 2019) more broadly expressing concern about the proliferation of inaccurate information facilitated by digital platforms. The importance of this point does not need emphasizing. In print, health messaging is easier to monitor and correct.

Thirdly, local newspapers demonstrably improve governance and are related to markers of the political health of a community. Studies show that local newspapers improve government accountability, and operating efficiency (Gao, Lee, & Murphy, 2020; Yazaki, 2017). They reduce polarization of voting behaviours through increasing voter access to local news on which to base political decisions (Darr, Hitt, & Dunaway, 2018). Closures lead to fewer candidates standing for elections and a reduction in voter turnout (Schulhofer-Wohl & Garrido, 2013). These impacts are not only observed at the local level, of course. An analysis of both short and long term impacts of the closure of the *Cincinnati Post*, the only daily newspaper in its particular market in Kentucky, saw fewer candidates stand for the subsequent election and a reduction in voter turnout (Schulhofer-Wohl & Garrido, 2013) a finding confirmed elsewhere in the US (Kübler & Goodman, 2019; Rubado & Jennings, 2020). Even three years after the closure, voter engagement remained impacted with this studies finding of a suppression of civic engagement confirmed in other studies (e.g. Hughes, 2020; Shaker, 2014) suggesting that digital media does not act as a complete substitute.

Extending on this point, the closure of newspapers reduces access to information of importance to broader the community. A Danish study showed that even newspapers with low intensity of local government reporting had a positive impact on policy quality (Mortensen & Serritzlew, 2004). A Tilburg University study examined longitudinally small county newspaper closures in the US and stock price informativeness of firms in the US, finding statistically significant associations between closures and accuracy in corporate information (Wolff, 2019), a pathway confirmed separately by Cahan et al (2020). While the internet is ideal to feed the predilections and addictions of the reader, a print newspaper that is invested in serious journalism, is an extension of the education of the reader—a means to keep important local knowledge updated.

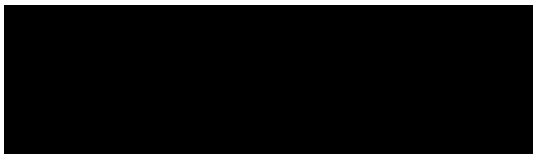
2. Secondly, it is clear that **someone has to pay for journalists who I define as those who write stories that include those someone does not want to see printed.** Stories that 'everyone' wants to see printed (the birth of a baby, the opening of a new theatre, or the start of a festival, for example) do not require the services of a journalist to bring to print, and social media is a relatively successful way to spread this kind of 'news'.
3. Thirdly, **paywalled or unpaywalled, online newspapers cannot and do not pay for country journalists.** The *Warwick Daily News* has two, and often one journalist now—as a daily paper they would have a minimum of seven journalists. As a daily, we had 5 FTE journalists working in the region. They were being paid by advertisers and those who purchased the newspaper. Post-COVID, post the online revolution, 80% of journalists in the Southern Downs region, which incorporates Stanthorpe and Warwick, are still being paid for by print advertising (in our newspapers, as well as the Star Newspaper Group's two titles in the region) and the cover price of our print newspapers. **These are regions that News Corp abandoned.**

4. Finally, the reason print newspapers are more considered and measured in their approach, as their content is committed to the relative permanency and exposure of print, and publishers' financial and community status is linked to what they print. Publishers who employ 'real' journalists prepared to write stories that are both in the public interest but tempered by a realization that such stories must be defensible in a court of law, are conducting a civic service that is at risk of disappearing.

In conclusion, it is not '*news*' that is at risk, if rural and regional news is defined as something merely factual and novel... There will always be 'newsletters' either print or online that will spread news that meets this minimum definition of news. The focus of funding should be on independent rural journalism, reporting on local issues and politics that requires real systematic research, effort, and even risk.

Federal and state government advertising is one form of effective subsidy for such journalism, but currently there is relatively poor discrimination in how this funding is spent. Potentially, developing a register of newspapers that conform to minimum standards of news delivery (much in the manner that the Australian television and movie industry was asked to meet standards related to 'Australian content') is one path towards ensuring that **print newspapers** remain alive in regional and rural Australia.

Your sincerely,



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