

## Chapter 3

### **New opportunities, new audiences and innovative approaches**

3.1 The last chapter set out the many challenges faced by the media sector from the transformation to digital, which has had particularly negative effects on the traditional media and its ability to produce public interest journalism. This chapter looks at some of the opportunities that new technologies offer for innovation and diversity in the media sector, and the development of new audiences.

3.2 This chapter also notes a range of positive signs for media and news sector, including the way philanthropic funding and new partnerships across sectors have provided a welcome fillip to a sector under pressure.

#### **Opportunities for media consumers and producers**

3.3 In May 2017, Mr Paul Murphy, the Chief Executive of the Media, Entertainment & Arts Alliance (MEAA), observed that there had been a general upturn in audiences for media in Australia:

...I think it is important to remember that the audience is growing. Subscriber numbers are growing. Readership is growing. If you look at the most recent survey by Roy Morgan Research, you see the number of Australians who read or accessed the newspapers' content via print, web or app in an average seven-day period in March 2013 was 19.9 million. Four years later the same basket of mastheads was recording a total audience of 22 million. While print use is declining, digital, web and app readership has been growing and boosting the local audience.<sup>1</sup>

3.4 Mr Murphy also noted that lower barriers to entry, and the globalisation of markets, had enriched the local media landscape, though these developments had not compensated for the massive losses to journalism from restructuring in traditional media:

...the disruption that has been brought about by technology in traditional media has also created opportunities for new entrants, and it is important to remember that. In Australia, established news brands like *The Guardian*, the Huffington Post and the *Daily Mail* have local digital editions produced by Australian journalists, and they have recently been joined by *The New York Times*. They provide a welcome boost, as do BuzzFeed and new local entrants like The New Daily and the academic website The Conversation. These add important elements to the local media landscape and have contributed, in some cases, extraordinarily valuable additional depth to particular areas of reporting, but none of them have the resources to replace the journalism at scale that we are losing.<sup>2</sup>

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1 Committee Hansard, 17 May 2017, p. 10.

2 Committee Hansard, 17 May 2017, p. 10.

3.5 Mr Gerard Ryle, the Director of the International Consortium of Investigative Journalists (ICIJ), observed that the corollary to the collapse of traditional models in the media was that innovative approaches would be adopted:

Basically, crisis creates innovation. If you want to change things, you have to allow people to innovate. And they will innovate. The technology is racing ahead of journalism at the moment. There will be new players.<sup>3</sup>

3.6 Mr Simon Crerar, Editor-in-Chief of BuzzFeed, and Ms Tory Maguire, Editor-in-Chief of HuffPost Australia, both spoke of the many opportunities for new and innovative companies in the current media landscape. Mr Crerar commented on this recent transformation:

[In 2002] there was literally ABC, News Corp and Fairfax...there was certainly no Huffington Post, BuzzFeed, Guardian, *The New York Times*, Junkie or Pedestrian. And of course there was no Facebook, Twitter, Instagram or Snapchat. Now it is this incredibly diverse, fragmented landscape, where your traditional players are under a lot of threat... Certainly we do not know what it is going to look like in 10 or 15 years time, but the audience is fragmented. So, for brands like ours, there is a great opportunity to do reporting, important reporting, that wins hearts and minds in these spaces.<sup>4</sup>

3.7 Ms Saffron Howden, Editor, Crinkling News, suggested that the modern media environment would support smaller, nimble publications working to get the most out of small budgets:

My view is that the future of journalism is more in these smaller, niche publications because they just do not have the same sorts of overheads that we have seen in places like News Corp and Fairfax, and that the very large media organisations have had for many decades. You do not actually require huge amounts of money to keep them going.<sup>5</sup>

### ***Reaching and developing new audiences***

3.8 There can be little doubt that aggregators such as Google and Facebook have significantly boosted access to news and information for the average consumer. Mr Jason Pellegrino, Managing Director, Google Australia, highlighted the role Google's search engine played in both directing audiences to news content and sharing revenue with content creators:

Many queries from users are seeking news and Google directs billions of visitors to news websites around the world every month. Some Google users head directly to Google News, a platform which helps to connect local and national news content from more than 80,000 publishers, including over 1,000 Australian publishers, with a global audience. In this way, we have a direct interest to ensure our products support and assist in

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3 *Committee Hansard*, 22 August 2017, p. 51.

4 *Committee Hansard*, 17 May 2017, p. 57.

5 *Committee Hansard*, 17 May 2017, p. 7.

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the creation of quality journalism, not just because free and independent media is a matter of vital public interest but because we seek to meet the needs of Australian users for relevant and useful information. This is particularly valuable for small and less well-known publishers or those seeking to enter the market. An independent journalist or a small publisher is today far more able to reach an audience and generate revenue than in years past. To that end, our display advertising tools, for instance, help web publishers, including news publishers, to manage the implementation and ongoing placement of their websites, helping to drive their revenue. Publishers create content on their own sites and use Google's advertising platforms to earn revenue from ads that are displayed on their sites. This occurs on a revenue-share basis where, on average, 70 per cent of display ad revenues are shared with partners.<sup>6</sup>

3.9 Facebook also outlined some of the positive benefits for consumers and new entities that had entered the market:

...technology has had a transformative impact on the reach and distribution of information, including news, around the world. The ease by which individuals and organisations can now share information online means that there is a much richer ecosystem of news for Australians, and it means that this news can reach a much broader group of people—at a fraction of the cost of distribution than it once did. Community leaders are able to share and promote information at the community and neighbourhood level immediately, longstanding news organisations are able to expand and reach new audiences at minimal additional cost, and enterprising new media companies have begun to emerge that leverage the distribution and scale advantages of the Internet. You have recently heard directly from some of these new entities, including BuzzFeed and Huffington Post. Facebook, as an online platform, has been part of this broader trend of the democratisation of information and news.<sup>7</sup>

3.10 A number of witnesses noted that aggregators provide access to huge new audiences for media organisations, particularly for smaller outlets that might otherwise not enjoy the reach. For example, Mr JJ Eastwood, Chief Executive Officer, HuffPost Australia, remarked:

We look at the platforms as partners in a lot of ways; certainly, they are taking a lot of money out of the ecosystem, but they also drive a lot of traffic to our owned and operated sites. Particularly for businesses like Huffington Post that are very mobile-led—we run 70 per cent of our audiences on mobile. Most of the platforms dominate mobile; so Facebook, Twitter, Google and Instagram are all important.<sup>8</sup>

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6 *Committee Hansard*, 22 August 2017, p. 18.

7 *Submission 40*, p. 2.

8 *Committee Hansard*, 17 May 2017, p. 54.

3.11 Similarly, Mrs Alice Almeida, an experienced digital advertising strategy professional, spoke extremely positively about the opportunities offered by aggregators to publishers and consumers:

I think that a lot of publishers wouldn't be where they are without the support of the likes of Google. Just to highlight that: last year Google contributed 35.5 per cent of traffic to the news and media industry...This behaviour we are starting to see across all different Australians—from young to old. Publishers need Google to work with them for that reason.

The other thing is that a lot of the traffic is being driven from social, as we have touched on before. Facebook is not just a social network where you hear about what your family and friends are doing and all the thousands of baby pictures that seem to be coming in a newsfeed; it is now also becoming a news and content feed. A lot of publishers are now tapping into audiences by putting their news and articles within Facebook. I know that a lot of the time I visit certain websites that I wouldn't have visited purely because I saw an article on Facebook or Google.<sup>9</sup>

3.12 Professor Michael West, the Principal of Westpub, spoke of the power of social media to communicate with the audience he established during prior employment with a masthead publication, as well as to connect with a large and engaged new readership:

I already had a rusted-on audience at Fairfax and I had a redundancy cheque to put into this thing. I could not have done it without those two things and the public support of people on social media. That is an advantage, because social media is free and it is quite a good distribution model, provided you have enough Twitter and Facebook followers, and so on. There are a lot of variables. I think it would be very hard for other people to do it successfully.<sup>10</sup>

3.13 Mr Crerar told the committee he considered aggregators to be distribution platforms that were particularly suited to offer innovative approaches to new organisations:

In some ways, we see Facebook and Google as newsagents. Newspaper businesses have always built their business on the distribution method. Our distribution method is social networks, search engines...But future opportunities for businesses like ours, which are unencumbered by the existing way of doing things, are gigantic. Yes, traditional businesses are going to shrink down the line. This is an epochal moment that will take a decade or two to pan out, but there are tremendous opportunities for us and businesses that are native to these platforms and are building their business on them.<sup>11</sup>

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9 *Committee Hansard*, 11 July 2017, p. 22.

10 *Committee Hansard*, 17 May 2017, p. 37.

11 *Committee Hansard*, 17 May 2017, p. 57.

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### *Developing new business models*

3.14 While noting that the committee discussed the development of new business model in its previous chapter on challenges facing the media sector, some evidence pointed to recent positive growth for traditional media, both in terms of increased online subscription rates for some traditional mastheads, and through more effective monetisation of content and diversification of revenue.

3.15 As the September 2017 *The Future Newsroom* report found:

Today's digital news media outlets have adapted to this new economic environment and have adopted a hybrid model to finance their journalism. This means more than one or two methods of funding are relied upon to be profitable. The most common revenue raising methods that form part of a hybrid media funding model include: advertising (display and native); building databases to sell access to them; hosting events related to an outlet's digital media content; developing new media products based on market research; crowdsourcing funds and philanthropy and, the least used option, erecting paywalls.

For most digital newsrooms, the most important source of revenue is native advertising. This is paid ads that match the news outlet's page content, overall design and is consistent with its platform behaviour.

The reliance on native advertising means media organisations are having to think differently about the relationship between journalism and advertising, especially about issues of transparency and audience trust.

The importance of audience trust is not just a question of editorial credibility but of native advertising credibility: if people don't trust the news content, they are unlikely to trust its advertising.<sup>12</sup>

3.16 Mr Greg Hywood, the Chief Executive Officer and Managing Director of Fairfax Media, outlined the ways in which his company had met the challenge of monetisation:

In response to these pressures we have reshaped our business yet continue to innovate and invest deeply in quality journalism. We remain one of the few providers of at scale, quality journalism in Australia, with over 1,000 editorial staff across our metro and regional publications. For some historical context to this I think it is important to note that in the 1960s there were 75 reporters at *The Sydney Morning Herald* and fewer at *The Age*; now there are more than 300. In the 1970s there were 25 reporters at *The Australian Financial Review*; now there are over 100. We have also explored models around publishing, such as leveraging our audience to launch emerging businesses—for example, our events business, Domain, Stan and Drive, which in turn create the earnings to help continue quality independent journalism. Difficult decisions have been made to create a

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12 Dr Andrea Carson and Dr Denis Muller, *The Future Newsroom: Executive Summary*, University Of Melbourne, September 2017, p. 5.

sustainable publishing model, the result of which is a smaller but fit-for-purpose publishing business.<sup>13</sup>

3.17 The MEAA suggested that, given the size of the Australian market, subscription-only models would probably struggle to be sustainable for the larger, traditional media companies.<sup>14</sup> However, the MEAA also acknowledged—as did other submitters and witnesses—indications of positive growth from traditional mastheads locally, with Fairfax titles having around 225 thousand subscribers in May last year, and that subscription revenue at *The Australian* is now greater than from advertising.<sup>15</sup>

3.18 Facebook told the committee that swelling subscriber numbers and positive trends in revenue, both here and internationally, demonstrated 'that Australians value and are willing to pay for new content'.<sup>16</sup>

3.19 Mr Pellegrino also pointed to certain trends that indicate a shift in consumer behaviour that suggests a willingness to pay for quality news:

The truth is that readers are smarter than [expecting news to be free], and they know what high-quality journalism is, and they're willing to pay for it, but you have to ask them. That is the point. Every time that *The Washington Post* tighten their paywalls, subscriptions go up.<sup>17</sup>

3.20 Mr Campbell Reid, the Director of Corporate Affairs and Editorial Management for News Corp Australia, commented that publishers were adopting new strategies to leverage the large volume of consumers accessing content through Google to increase subscription rates:

Google's interest is to have people consume a lot of material and have a good experience when they do it so that when they click on a story or a piece of content, they see that piece of content and click onto another one and click onto another one. That's in direct opposition, if you like, to a newspaper publisher, who doesn't want you to click on and on and on. It wants you stop and read that story and subscribe to that story. Google had a regime which was called 'first click free', which meant that if you clicked on a *Wall Street Journal* story you had to be able to see a certain element of that content for free before you got to a point where you were being asked to pay for it. By changing that regime—in Australia we're currently experimenting what level, how much, do you have for free and at what point do you meet the paywall. By changing that dynamic, that has in some of our newspapers meant that a newspaper that was getting no subscriptions

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13 *Committee Hansard*, 17 May 2017, p. 20.

14 Mr Paul Murphy, MEAA, *Committee Hansard*, 17 May 2017, p. 13.

15 Mr Paul Murphy, MEAA, *Committee Hansard*, 17 May 2017, p. 13; Mr Campbell Reid, Director, Corporate Affairs and Editorial Management, News Corp Australia, *Committee Hansard*, 22 November 2017, p. 28.

16 *Committee Hansard*, 22 August 2017, p. 19.

17 *Committee Hansard*, 22 August 2017, p. 33.

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at all through Google search is suddenly getting 10 subscriptions a week through Google search.<sup>18</sup>

3.21 Ms Jane Schulze, the Managing Director for Australia/New Zealand of Standard Media Index (SMI), also noted that, even if Australian newspapers faced significant ongoing challenges, they had managed to monetise their content more successfully than traditional media overseas:

...Australia's newspaper groups have been leading the world in terms of monetising their content online. SMI now produces data for the US, UK and New Zealand market and we can clearly see that relative to these other countries Australia's news media industry is gaining more revenue from selling ads around their newspapers' websites than in any other country. Last year, the digital sales teams of News Corp, Fairfax, the old APN and Western Australian newspapers sold to media agencies advertising worth more than \$200 million—and that is excluding the programmatic bookings..., so the figure is actually going to be slightly higher. As a result, digital now represents 23 per cent of total agency revenues to the news media industry which highlights the huge progress the industry has made to transform what was once just a print-only industry.<sup>19</sup>

3.22 Some evidence to the committee suggested that there was still life in the traditional printed medium for particular markets, despite the overall trajectory of declining circulation. For example, Mr Hywood told the committee that he stood by his comments of the previous month, that 'the model we have developed involves continuing to print our publications daily for some years yet'.<sup>20</sup> Mr Reid shared this view:

You would have to be a completely naive person to say that the magic is going to wind back and we're going to sell as many print newspapers in the future as we did in the past, but it's up to us to re-imagine, recreate and recalibrate what the print product is. We shouldn't forget that 16 million Australians consume our content. Millions of Australians read printed newspapers and millions of Australians buy things after seeing the advertising in printed newspapers. They're an incredibly effective platform and remain so.<sup>21</sup>

3.23 Ms Costello, Chief Executive Officer of Schwartz Media, suggested that the printed Saturday Paper had found a niche outside the online 24/7 news cycle of the mainstream media:

*The Saturday Paper* was established because we sincerely believed that newspapers weren't dead but the model was completely broken. How does it exist with the internet breaking news? There's a print cycle involved in producing a newspaper, whereas online it can be a 20-minute turnaround....

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18 *Committee Hansard*, 22 November 2017, p. 31.

19 *Committee Hansard*, 11 July 2017, p. 21.

20 *Committee Hansard*, 17 May 2017, p. 31.

21 *Committee Hansard*, 22 November 2017, p. 32.

We looked at all the models. It took [Schwartz] two years to work out what *The Saturday Paper* would look like, pulling apart newspapers and leaving out things that the internet could do better.<sup>22</sup>

3.24 Ms Howden spoke of the value of maintaining newspapers aimed at young people in printed formats, including internationally, as it improved their engagement and learning outcomes.<sup>23</sup>

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22 *Committee Hansard*, 21 August 2017, p. 43.

23 *Committee Hansard*, *Committee Hansard*, 17 May 2017, p. 5. The committee notes that during the preparation of this report it was reported that Crinkling News had announced its closure.

3.25 Some other evidence suggested that traditional titles had been able to improve their business models when incorporating the power of mobile technologies into their digital products and advertising strategies. For example, Google Australia submitted that:

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 have likewise established highly successful cross-channel advertising businesses such as Domain and RealEstate.com.au.<sup>24</sup>

3.26 In the international context, the committee notes encouraging evidence suggesting an upturn in subscriptions following the 2016 Presidential election in the US, which was riven with contested and overtly fake news stories in the media, as well as attacks on traditional media for being 'crooked', biased or delivering 'fake news'. The committee understands that, in the wake of this election, *The New York Times* and *The Washington Post* both grew their subscription rates to unprecedented levels, with the former having around 2 million digital subscriptions in mid-2017.<sup>25</sup>

#### ***Philanthropic or privately funded models***

3.27 The committee received good evidence that tax breaks encouraging philanthropic or privately funded models underwriting the financial sustainability of media organisations had revitalised public interest journalism in some parts of the world, particularly in the US.

3.28 Broadly speaking, this is not a new phenomenon, as foundation grants and philanthropic trusts have given financial stability to a number of longstanding media organisations. For example, in the UK, the Scott Trust was founded in 1936 'secure the financial and editorial independence of the Guardian in perpetuity as a quality national newspaper without party affiliation'.<sup>26</sup> There are also a number of examples from the American context, notably the Poynter Institute, a non-profit journalism education and training centre that owns the Tampa Bay Times (previously the St Petersburg Times) and the PolitiFact fact-checking service. Additionally, in the US, the magazine Harper's (founded in 1850) has been backed by a Foundation from 1980,

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24 *Submission 38*, pp. 7–8.

25 For example, see Mr Paul Murphy, MEAA, *Committee Hansard*, 17 May 2017, p. 13; Professor Lawrie Zion, *Committee Hansard*, 21 August 2017, p. 53; Dr Christopher Berg, *Submission 16*, p.5; ABC, *Submission 58*, p. 13; Digital Industry Group Inc., *Submission 63*, p. 2.

26 The Scott Trust, *The Scott Trust: values and history*, [www.theguardian.com/the-scott-trust/2015/jul/26/the-scott-trust](http://www.theguardian.com/the-scott-trust/2015/jul/26/the-scott-trust) (accessed 11 January 2018.)

and the First Church of Christ Science's publication, *The Christian Science Monitor* is backed by a foundation and donations.<sup>27</sup>

3.29 The submission to the committee made by a group of four academics highlighted a number of other US institutions that support journalists and publishers: directly through grants to cover the cost of particular reporting projects, including:

- The Pulitzer Centre on Crisis Reporting;
- The International Reporting Project;
- The Howard G. Buffett Fund for Women Journalists Grant from the International Women's Media Foundation; and
- The International Centre for Journalists, underwritten by the Knight Foundation.<sup>28</sup>

3.30 Dr Bill Birnbauer, Adjunct Senior Lecturer in Journalism at the School of Media, Film and Journalism, Monash University, outlined the revitalised US media landscape in his submission:

In the United States I estimate there are about 150 non-profit centres doing such journalism; others suggest there are 200. Most were formed since the global financial crisis of 2007-09.

Non-profit investigative reporting centres vary in size from two or three journalists up to 70 reporters, editors, digital and broadcast producers, development and engagement experts, data journalists and fundraisers. The budgets of the biggest centres are about \$10 million a year; smaller centres less than \$100,000. Non-profit investigative reporting centres see their work as a form of public service.<sup>29</sup>

3.31 Mr Ryle confirmed that the US model has seen a revival of good journalism:

We basically rely on philanthropy to pay for journalism. I guess the reason that's significant here is that you don't have tax deductions for journalism in Australia, whereas you do in America. There are dozens of organisations like ours that are basically doing work on a domestic level in America: the Center for Public Integrity, ProPublica and organisations like that. Then there are a few organisations like ours that do work out of America internationally. But we're probably, at this point, the best known. It has basically allowed public interest journalism to flourish, because people can get a tax deduction for what we do.<sup>30</sup>

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27 JERAA, *Submission 39*, Attachment 1 (Support for public interest journalism—an international summary), .p. 30. For further information see *About Harper's Magazine*, <https://harpers.org/history/> and 'About us', [www.csmonitor.com/About](http://www.csmonitor.com/About) (both accessed 11 January 2018).

28 *Submission 30*, p. 20.

29 *Submission 1*, p. 1. See also Mr Ray Bange, *Submission 47*, p. 4.

30 *Committee Hansard*, 22 August 2017, p. 51.

3.32 Dr Birnbauer suggested that these organisations could be funded by foundations, donations from philanthropists or readers, or through gaining minor revenue from advertising, story sales, events, advertising and subscriptions. He observed that tax exemptions were gained under a broad education category in US tax laws, rather than by being recognised as media outlets.<sup>31</sup>

3.33 In Australia, the use of privately-funded models to underwrite the financial sustainability of organisations producing public interest journalism has been limited. There have been a few examples:

- *The Global Mail*, an online publication funded by the internet entrepreneur Graeme Wood, which operated from 2012 to 2014;
- *The New Daily*, launched in 2013 and part-funded by industry superannuation funds; and
- *Schwartz Media*, which publishes *The Saturday Paper* and *The Monthly*, backed by the company owned by publisher Morry Schwartz.<sup>32</sup>

3.34 Ms Jacqui Park, Chief Executive Officer, Walkley Foundation, spoke of the potential for the not-for-profit model to revitalise the Australian media landscape:

Australia has the potential to build not-for-profit journalism, much like the sector that has emerged very successfully in the United States. There you see a range from national organisations like ProPublica to those that cover states like Wisconsin or cities like Pittsburgh or topics like worker safety. These organisations, although often tiny, punch way above their weight. They're winning major journalism awards and they're scooping up the best journalists. They have built a whole new ecosystem of highly ethical, technology driven, collaborative journalism. And the collaboration in particular is fuelling some real outcomes. Because these nonprofits can act nimbly—after all, they are start-ups—they're experimenting with new ways to engage with readers and build audience and find revenue. That's all possible for us to do here.<sup>33</sup>

3.35 Some doubts were raised regarding the ability of Australian media organisations to be sustainable through philanthropic donations alone, given both the

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31 *Submission 1*, pp. 1–2.

32 See JERAA, *Submission 39*, Attachment 1 (Support for public interest journalism—an international summary), .p. 30. On the Global Mail, see Amanda Meade, 'Global Mail website to close less than two years after its launch', *Guardian Online*, 30 January 2014, [www.theguardian.com/media/2014/jan/30/global-mail-website-to-close](http://www.theguardian.com/media/2014/jan/30/global-mail-website-to-close) (accessed 11 January 2018). On the New Daily, see Peter Ryan, 'The New Daily emerges as an online media player, with backing from industry superannuation funds', *ABC Online*, [www.abc.net.au/news/2013-11-13/new-daily-launches/5087940](http://www.abc.net.au/news/2013-11-13/new-daily-launches/5087940) (accessed 11 January 2018). On Schwartz publishing, see James Button, 'The Art of the Deal', *The Age*, 21 March 2004 at <http://fddp.theage.com.au/articles/2004/03/21/1079823222407.html?from=storyrhs> (accessed 11 January 2018).

33 *Committee Hansard*, 22 August 2017, p. 34.

finite number of potential donors in Australia, as well as the more established culture of philanthropy in the US.<sup>34</sup>

3.36 The potential use of tax incentives to encourage philanthropic support for not-for-profit or low-profit media organisations by the Commonwealth is discussed later in this report.

### ***Innovation and partnerships***

3.37 Evidence indicated that the crisis in traditional forms of media had led to the formation of innovative partnerships between media players, or between media organisations and universities or journalism centres. The committee deals with partnerships between news media and aggregators in its next chapter.

3.38 Dr Birnbauer noted that stories undertaken by journalists working in the not-for-profit media sector in the US often appeared in traditional media such as, among others, *The New York Times*, *The Washington Post*, *The Wall Street Journal*, and on public broadcasters. He argued that new not-for-profit forms did not challenge mainstream media, but complemented the 'diminished ability of many mainstream media to produce serious journalism'.<sup>35</sup>

3.39 The implications of this were drawn out by Mr Ryle, who outlined how his organisation collaborated across titles and platforms with a great deal of flexibility:

We work by bringing media organisations around the world together, to work on stories that cross borders. Here in Australia, we work with *Four Corners* on a regular basis, with *The Guardian* Australia and also with the *Financial Review*. We are open to working with pretty much anyone. We also work with the BBC, *Le Monde* in France and *The New York Times*. We find stories that can possibly have a global impact and bring them all together to work together. That's what we do... We basically bring the story to the media organisations, but we rely on each media organisation to do their own work. They can decide what's important for their constituents and what isn't important. We don't tell them what to do. We have no editorial control, but we also do our own journalism. Where we differ from WikiLeaks is that, when we get big datasets like the Panama Papers, we don't just publish every single detail on the web. We do publish extracted details, but we do make all of the documents available to the journalists, and we allow the journalists to do journalism. We basically are a service industry for the media around the world.<sup>36</sup>

3.40 A number of submissions pointed to innovative partnerships between media and universities, not only in conducting journalistic activities, but also in training

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34 See, for example, Associate Professor Andrew Dodd, Chair, Public Interest Journalism Foundation, *Committee Hansard*, 21 August 2017, p. 15. For a broader discussion see Victor Pickard, 'Can charity save journalism from market failure?', *The Conversation*, 28 April 2017, <https://theconversation.com/can-charity-save-journalism-from-market-failure-75833> (accessed 17 January 2017).

35 *Submission 1*, pp. 3–4.

36 *Committee Hansard*, 22 August 2017, p. 51.

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future journalists. Dr Birnbauer noted about 20 per cent of not-for-profit journalism centres in the US had an affiliation with a university.<sup>37</sup>

3.41 Mr Jack Latimore, a collaborator with Indigenous X, highlighted the opportunities for Indigenous stories to enter the broader public sphere through new kinds of publishing partnerships:

In addition to providing a platform for these diverse voices to be heard throughout and across First Nations audiences, IndigenousX also provides a 'bridge' for Black perspectives to enter the broader public sphere via collaborative publishing partnerships such as the one we share with Guardian Australia. It is my opinion that this is a unique and important development in what is termed the news ecology, and I believe it would do Australia well for more non-indigenous news organisations to look to that relationship for improving their own approach to, and representation of, the broader Aboriginal and Torres Strait Islander public.<sup>38</sup>

3.42 Mr Misha Ketchell, the Editor of The Conversation, spoke of how his organisation had grown from an Australian site founded in Melbourne in 2011 to an internationally trusted network of organisations employing around 100 journalists and partnering with more than 40,000 academics around the world. He told the committee how The Conversation leveraged expertise in the university sector, from which the organisation also received funding, to improve information in the public domain on newsworthy topics:

Our model is based on trying to ensure that experts are engaged in communicating with the public when issues arise in the public. If something significant happens, we will try to find an expert to talk about that particular issue. The way we work is that the academics are not paid by The Conversation; they write for The Conversation without payment. Basically the idea is that academics, as part of the work they do for Australian universities, have an obligation to communicate their research findings and their knowledge broadly within the community, and we provide a vehicle, a means, for them to communicate their ideas and their knowledge. We run a quite sizeable newsroom staffed by more than 20 professional full-time editors and journalists, and their role is to monitor what's happening in the news and talk to academics and ensure that they're engaged in commenting on those issues.<sup>39</sup>

3.43 The committee was also impressed with the Walkley Foundation's approach to fostering innovation in the industry. The committee heard how that organisation had encouraged positive relationships between aggregators and publishers, and established mentoring programs for young journalists and a journalism innovation program:

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37 *Submission 1*, p. 4.

38 *Submission 42*, p. 3.

39 *Committee Hansard*, 21 August 2017, pp. 31–32.

The innovation program is for all kinds of journalistic innovators, and we are by no means focused only on not for profits. A long list of 110 projects went through our incubator this year, and five eventually received seed funding. Among those were projects such as a Canberra reporter who's thinking outside the square—or rather, outside the press gallery—and using crowdsourcing to make the parliamentary register of interests into a searchable database. This is encouraging collaboration among journalists and publishers and it's a project that will also help everyday people make sense of all the data that's available. Another project is about unlocking ABS data. Another was for a news site for young people to help them connect with what's happening in the news and to help them engage and make a difference in the world. And we could support a lot more if we had the money, both with funding and with the essential business and start-up mentoring. There are great ideas for journalism out there, all ready to be born. None of them on their own will be a magic bullet, and some of them will fail, but public policy also needs to show its own preparedness—dare I say its own agility—to try, fail and try again.<sup>40</sup>

### ***Diversity of opinion and voices***

3.44 A number of submitters made the point that the digital age offered more opportunity for a diversity of opinion to be expressed than traditional media has offered in the past.<sup>41</sup> The Digital Industry Group Inc. (DIGI) provided an overview in its submission:

The internet and digital technology have fundamentally changed many industries, including media companies and news publishers. The rise of micro publishers on the web, where anyone with an internet connection can publish information on events, politics, and ideas, has empowered more voices and offered more views in turn making the media ecosystem more pluralistic and democratic. Consumers have also been beneficiaries of this changing media landscape as it has enabled them to consume a greater variety of content across different platforms at the time of their choosing.<sup>42</sup>

3.45 The Civic Impact of Journalism Project (CIJP) noted that new platforms were offering new forums for under-represented groups to share news and tell their stories, particularly highlighting new Indigenous media:

Under-represented groups are making constructive use of new media to be heard. In particular, our research identified 150 Indigenous-controlled news sources including legacy print and broadcast media but also including a flourishing network of new and social media outlets. Some of these serve particular communities; others are issues or personality based. Together, they are breaking news and distributing original content. One of the best known, IndigenousX, has partnered with Guardian Australia. This increase

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40 *Committee Hansard*, 22 August 2017, p. 34.

41 Mr Michael Taylor, Managing Editor, The Australian Independent Media Network, *Committee Hansard*, 22 November 2017, p. 9.

42 *Submission 63*, p. 2.

in voice for a neglected segment of Australian society is a shift in the ecology of news media in Australia.<sup>43</sup>

3.46 It was also submitted in evidence that 'citizen journalists' are using new platforms to tell stories and reach audiences—although it was also acknowledged that this would not replace the functions lost from traditional media completely. The CIJP stated that:

More generally, our evidence suggests that citizen journalism will continue to be part of the mix, and is increasingly powerful and important—but it is not enough. It works best as an adjunct to professional journalism, rather than on its own...Citizen journalism is largely about the commentary and opinion function of journalism, and that is important – but not enough. Without facts, opinion is hollow and commentary impotent.<sup>44</sup>

3.47 Some submissions also noted the increasing prevalence of 'hyperlocal' sites, or where communities were using social media to fill service gaps.<sup>45</sup> The CIJP suggested that this was a positive, but limited, approach:

In suburban and edge of urban areas, community groups, local governments and local police are using social media to fill gaps, and some of these activities and outlets have become valuable parts of local news ecologies. This can empower individuals and community organisations, but does not fill all the gaps that have resulted from the exodus in local media.<sup>46</sup>

3.48 Some new media companies highlighted areas they were able to explore that had not been addressed by traditional media, such as coverage of areas of interest to young Australians under 30, indigenous matters, mental health news, and LGBTI perspectives.<sup>47</sup>

3.49 Professor Fran Baum AO, the Director of the Southgate Institute for Health, Society and Equity, drew the committee's attention to the 'flourishing network of new and social media outlets' that offered Indigenous-controlled news services, including breaking news and original content.<sup>48</sup>

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43 *Submission 14*, p. 5.

44 *Submission 14*, Attachment 5 (Margaret Simons, 'Trump, fake news, and shrinking newsrooms: does journalism still matter in 2017?', *The Guardian*, 29 May 2017), p. 6.

45 See Mr Ian Skurrie, *Submission 33*, pp. 1–2; Civic Impact of Journalism Project, *Submission 14*, p. 5; Deakin University, *Submission 19*, p. 6; and Professor Lawrie Zion, New Beats Project, *Committee Hansard*, 21 August 2017, p. 53.

46 *Submission 14*, p. 5.

47 See evidence given by Mr Simon Crerar, Editor-in-Chief, BuzzFeed Australia, and Ms Tory Maguire, Editor-in-Chief, HuffPost Australia, *Committee Hansard*, 17 May 2017, p. 52 and p. 55.

48 *Submission 20*, p. 3.

### *A new willingness to pay*

3.50 A number of witnesses and submitters spoke of their perception that consumers would always be drawn to, and willing to pay for, good quality journalism, regardless of the platform it appeared upon. For example, Ms Maguire told the committee:

I take a very old-fashioned view of journalism—it is all about the quality of the story. It does not matter what platform it appears on; it does not matter whether it is a listicle, a 45-minute feature video or a 3,000 word magazine piece—the consumers are looking for quality in the story telling.<sup>49</sup>

3.51 Some submitters noted the success of the *Washington Post* in driving up subscriptions through a combination of tightening access to content via paywalls and ensuring the news content excelled by investing heavily in journalism. DIGI noted:

Owner of the Washington Post Jeff Bezos recently made comments at a conference on the Future of Newspapers where he attributed the success of turning the Washington Post's fortunes around to several factors including hiring an additional 140 reporters and focussing on the readers.<sup>50</sup>

3.52 Mr Pellegrino also highlighted the importance of maintaining quality in cultivating audiences and driving subscriptions:

When you are writing, be riveting, be right and ask people to pay. That's important. In a world where you're asking people to pay for content, you have to be riveting and you have to be right. That content has to have a value that users don't perceive that they can get elsewhere, and that's incredibly important.<sup>51</sup>

3.53 Ms Costello suggested that there was a large audience for the kind of in-depth, considered analysis of significant issues that Schwartz Media provides:

I think what has happened is that the Fairfaxes of the world are not producing as often the journalism that we are producing. Readers have turned away from those sort of titles to the type of news that we do.<sup>52</sup>

### **Committee view**

3.54 It is clear that the transition towards aggregation and digital modes of delivery for news has been accompanied by some positive effects, both for media providers and for consumers.

3.55 For traditional media businesses, while revenues and business models have collapsed, there have been positive changes. New technologies and platforms have created unprecedentedly large audiences for new and established companies; there are

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49 *Committee Hansard*, 17 May 2017, pp. 58–59.

50 Digital Industry Group Inc., *Submission 63*, p. 2.

51 *Committee Hansard*, 22 August 2017, p. 33.

52 *Committee Hansard*, 21 August 2017, p. 42.

now much lower barriers to entry for innovative start-ups, which has democratised media, so individuals can become publishers and find audiences themselves.

3.56 For consumers, the benefits have been substantial. They now have the power to access more information than ever before, and for relevant information to be brought to their attention by aggregators, for the most part at no cost at all. In some cases this is an incredibly powerful tool that connects people with information they need. In others, it facilitates the rapid spread of misinformation, and may enable people to hear only their own perspective rather than be challenged by a range of views.

3.57 The previous chapters have looked at the challenges and opportunities facing the news media sector, both in Australia and globally. The next chapter discusses some of the ways aggregators are working with the news media, after which it discusses the idea of a levy on the operations of aggregators.

