



CENTRE FOR MEDIA TRANSITION

Inquiry into Australia's Regional Newspapers, Feb 2022

**Submission to House of Representatives Standing Committee on
Communications and the Arts**

Date: 4 February 2022

About the Centre for Media Transition

The Centre (CMT) was established in 2017 as an applied research unit based at the University of Technology Sydney (UTS). It is an interdisciplinary initiative of the Faculty of Arts and Social Sciences and the Faculty of Law, sitting at the intersection of media, journalism, technology, ethics, regulation and business.

Working with industry, academia, government and others, the CMT aims to understand media transition and digital disruption, with a view to recommending legal reform and other measures that promote the public interest. In addition, the CMT aims to assist news media to adapt for a digital environment, including by identifying potentially sustainable business models, develop suitable ethical and regulatory frameworks for a fast-changing digital ecosystem, foster quality journalism, and develop a diverse media environment that embraces local/regional, international and transnational issues and debate.

The CMT is also home to the APAC bureau of the global verification organisation, First Draft, that aims to combat misinformation and protect digital privacy.

The CMT's published works include reports on digital defamation, trust in news media, the state of regional news and news media innovation. Our report on the state of regional news is available [here](#). Current projects include work on news standards councils, news verification, foreign reporting, media pluralism and digital platform complaint handling. The CMT is also currently conducting a research project on regional media based on a collaboration with Guardian Australia which is building a regional news network. The CMT has consulted for the Australian Competition and Consumer Commission and the Australian Communications and Media Authority.

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Scope of this submission

In this submission, we are responding to the following terms of reference for the inquiry into the current state of regional media in Australia:

- the extent to which there has been entry into these or other markets by new operators, particularly small businesses
- the impact of the News Media Bargaining Code for regional and remote newspapers.

1. New operators

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

Overview

Since the dramatic closures and contractions of regional newspapers by News Corp and Australian Community Media (ACM) during 2020-2021 (documented by PIJI [here](#)), as well as the closure of independent newspaper operations due to the Covid induced collapse of advertising revenue, there have been many promising developments in the form of highly localised publications, in both digital and print format. Some have stepped in where News Corp and ACP have closed publications; others which pre-existed Covid have received federal funding from the Public Interest Journalism Innovation Fund to survive. Many, however, have begun operating without support and as free publications, in an environment where advertising revenue remains unsustainably low.

As the University of Canberra's [Digital News Report: Australia 2021](#) has shown, since the suspensions and closures of regional print newspapers across regional Australia in partial reaction to the Covid-19 pandemic, newspaper consumption has alarmingly decreased. Indeed, as the Digital News Report has documented the number of people living in regional areas who read regional and local newspapers has fallen from 34% in 2016 to 17% in 2021.

Market consolidation, in addition to the economic impact of the pandemic, has played a role in reducing access to newspapers. The impact of consolidation can be seen, for example, in News Corp's acquisition of APN in 2016, which was documented by the ACCC in a Statement of Issues. At the time of the acquisition, the assets of APN included 10 paid daily newspapers, 14 paid non-daily newspapers and 32 free non-daily community newspapers circulating in Queensland and in the northern area of New South Wales. At the time, News Corp owned *The Courier Mail* (and its Sunday equivalent, *The Sunday Mail*); three paid regional dailies; 17 free community newspapers; and what the ACCC described as 'a number of small paid non-daily and free publications circulating in Cairns and Townsville'. In 2016 there was one other paid newspaper in Queensland: *The North West Star* in Mt Isa was owned by Fairfax Media but was later sold to ACM as part of a transaction flowing from Nine Entertainment's acquisition of Fairfax.

The position five years after the transaction was radically different.

As a result of its acquisition of the APN mastheads, News Corp owned all the daily newspapers and their digital assets in all the population centres up the Queensland coast from the Gold Coast to Cairns as well as important inland centres (Ipswich, Warwick/Stanthorpe, Toowoomba, Gympie). Many of the former APN papers have been closed. As an indication of the extent of the change, it is worth considering the former APN holdings in the Wide Bay Burnett region in late 2021. Of the 10 publications formerly published in print, six had been discontinued in both print and digital form; three of the titles had been transitioned to a weekly lift-out in News Corp's *The Courier Mail* as well as a

page on that publication's website; the remaining title had a page on *The Courier Mail* website but no print insert. The publications that remained also had their own Facebook sites.

Of course, in comparing the position in 2016 to that in 2021, it is important to acknowledge the continuing drift of revenue from print to online, including digital platforms, as well as the further impact of lockdowns and other disruption associated with Covid-19. Nevertheless, the change in the Wide Bay Burnett region is striking: not one of the 10 former APN publications remains as a stand-alone newspaper or dedicated news website.

The significance of the loss of print editions of newspapers is seen partly in the dismantling of local newsrooms and also in the risk of communities losing touch with local news media altogether. The assumption by major news media organisations that consumers will shift to online consumption is not borne out by the evidence. The Digital News Report team has cited evidence that in 2021 only 11% of regional dwellers used a regional or local newspaper that appeared online. There is no reason to believe this will improve, regardless of the seismic shift away from print and to digital readership in all metropolitan newspaper markets. We have observed, via an intern program to regional media in NSW (described in more detail below) that the older demographic hold an established pattern of buying or receiving local newspapers and that there remains a discomfort with reading news online. This would seem to indicate that print newspapers will likely remain the way news media is consumed, at least for the feasible future. In the much-publicised Covid sea change, this may change. However, the impact of patchy and at times extremely poor NBN access cannot be discounted. It is a safe assumption that in the absence of a print newspaper, news consumption in regional Australia will likely continue to decline.

Whilst legacy media companies have begun a partial return to regional Australia, this has largely been in online form which for the above-mentioned reasons will not necessarily cater to the current aged-skewing demographic.

Positive signs

There have, however, been a number of encouraging signs that communities are moving to fill the void. The Judith Neilson Institute for Journalism and Ideas has followed at least 74 new local regional newspapers that have been launched by independent publishers, either online or in print since the pandemic struck in March 2020.

Ownership structures and business models are as varied as the regions they are operating within. By way of a small sampling of current offerings:

- **Phoenix Publications** operates in regional locations, including Young, Boorowa and Harden in NSW. Griffith and surrounds are covered by The Griffith Phoenix. Yass, Goulburn and the areas of The Hawkesbury LGA including Berambing, Bilpin and Kurrajong are also areas that are covered by the publications. Phoenix Publications claims 100% of its output is public interest journalism and driven by market failure of legacy media in the region, it is moving to extend its operation to include remote agricultural lands.
- **Galah** claims to have disrupted the conventional magazine model reliant on newsagency (or other retail) distribution, low cover price and expensive advertising by relying on a direct-to-consumer model. Galah's offering has a higher cover price with direct-to-consumer distribution and claims to have an engaged audience on Instagram. It offers some stories free online, carries no advertising and also publishes largely via newsletter and podcast. It has received Google assistance and is currently seeking further funding.
- **The Fassifern Guardian and The Ipswich Tribune** operated as a single publication in South East Queensland. It was a paid weekly (print & online) publication serving a rural-regional population which is largely engaged in agriculture. By the end of 2019-2020, the Covid-19 lockdown had negatively

impacted its revenue streams, coinciding with the News Corp closure of The Queensland Times. It expanded its circulation and became The Fassifern Guardian and Tribune, later separating the mastheads in order to now publish two weekly newspapers - The Fassifern Guardian and The Ipswich Tribune.

- **Region Group** serves a regional population of approximately one million across the capital region, including South East NSW and the Riverina. It produces highly localised online content, financed by targeted SEO and integrated/branded content. It has recently expanded to the Riverina region of NSW.
- **IndyNr** covers the Richmond Valley and Kyogle shires and emerged from the News Corp closure of Northern River Echo and the Northern Star. The region is significantly under-represented by other media, other than The Northern Rivers Times, another hyperlocal production. When News Corp closed its local papers in the region, the editor of IndyNr began the Richmond River Independent owned and run by a local community association, which shuttered when advertising revenue proved unable to sustain the publication during the second Covid lockdown.
- **The Coonamble Times/Western Plains app**: the service area spans 193,684 square kilometres, just over 24% of NSW. This print paper and app serve the Western Plains region of New South Wales, incorporating Bogan, Bourke, Brewarrina, Cobar, Coonamble, Gilgandra, Lachlan, Narromine, Walgett, Warren and the western portion (around 50%) of the Warrumbungle Shire. The group is currently seeking to develop a collaborative model of content delivery involving its app and local print masthead, and local community radio stations to create a 'newsroom' that spans the region and provides news for the region.

This is a small sample of the innovative and determined spirit in regional communities which want a voice and need to connect. However, there remain vast tracts of regional Australia where news deserts exist. There are many more examples of publications that have struggled through with one or two employees with or without short bursts of philanthropic support to sustain them.

Whilst philanthropic support is usually designed as a short-term boost, it rarely offers a sustainable or even short-term reliable revenue stream. Business models to support regional media will likely vary region to region and publication to publication and philanthropy has indeed stepped up at critical moments, such as with the rescue of AAP, which has also received significant federal funding. There have also been timely interventions from philanthropic organisations such as the Vincent Fairfax Family Foundation and the JIBB Foundation. The VFFF has funded the Centre for Media Transition to collaborate with Guardian Australia for three years to establish a regional reporting network across NSW whilst researching the various models that might sustain regional reporting beyond philanthropy (CMT will produce its first report in September 2022).

As a result of philanthropic interventions, some long-established publications that were experiencing serious financial difficulty have been spurred on to continue publishing. The interventions can be incidental, such as with The Quirindi Advocate, a newspaper that has for more than 100 years serviced the Quirindi area but which came close to closing in 2020 as a result of the pandemic. After UTS journalism sent an intern to the newspaper under a philanthropic program, the owner was encouraged to maintain the newspaper and invest more heavily into the weekly production.

Reflections from regional interns

In relation to this philanthropically funded intern program, it may be of interest to the committee to hear the observations of the challenges facing regional media from some of the 17 interns UTS sent to regional publications, students who will enter industry should the job market permit. Below are a few observations.

NERRANDERA ARGUS:

My VFFF internship took me to Narrandera in the Riverina region of New South Wales, to write for the independent outlet the Narrandera Argus. Narrandera struck me as a town that wasn't necessarily on the right track. One of the challenges I faced in the region was the practical day-to-day difficulties for a lot of residents. For example, clean drinking water was a massive issue for hundreds of residents, including myself in the hotel I stayed in. Another challenge was internet access. Over a quarter of Narrandera residents don't have access to the internet at home and mobile black spots are prevalent across the entire LGA. The Narrandera Argus is an independent newspaper like the Temora independent or the Condobolin Argus. The newspapers are run on shoe-string budgets that rely on fly-in freelance journalists. Over the last year the Argus has gone from being a bi-weekly printed paper to a weekly newspaper. Full-time jobs in regional newspapers are scarce. While I was in Narrandera, we experienced the Facebook blackout which happened on a Thursday which is the day the Argus publishes the physical newspapers and all its articles for the week online which are shared on Facebook. The blackout meant that the Argus' online readership was virtually dead so that its online engagement was severely impacted. This hurt its advertising revenue. Luckily in these country towns it is still very common for people to purchase newspapers rather than to buy online subscriptions like metropolitan citizens do. However, that didn't come close to fixing the problem online. The blackout was a scary look into the power of big tech and what the future holds for regional journalism and independent journalism if it is not supported.

THE BARRIER TRUTH:

Residents of regional communities 'wear many hats' and Broken Hill's journalists are no exception. The Barrier Truth (BT) is on a rapidly shortening list of independent newspapers based in Regional NSW and is one of the few remaining outlets tasked with covering Broken Hill and the Far West region. The BT's readership generally falls into two categories; elderly Broken Hill residents without social media who use the paper to stay connected with their local community, and people from throughout the Far West who want issue-based reporting on their region, that they can't find elsewhere. Additionally, regional independent publications, like the BT, have weathered a global pandemic, the Black Summer bushfires and protracted droughts, and are already operating at reduced capacities, with fewer staff and less regular publication schedules. These conditions lend themselves to an oversaturation of more accessible community news stories, such as obituaries, sporting events and crime, and reduced coverage of stories requiring sustained investigation or analysis, such as the efficacy of the local health service, availability of transport and communications infrastructure and widespread allegations of water corruption and malpractice. 'Far West; far forgotten' is a phrase associated with mainstream media's presence in the region. Narrow coverage of the Far West's most 'newsworthy' stories, like the Menindee fish kill and the death of a teenager from an infected toenail, are criticised for being sensational and tokenistic, and have the potential to increase news fatigue, without filling the gap left by struggling local news media.

TUMUT AND ADELONG TIMES:

In many ways Tumut and the Snowy Valleys area is extremely lucky, they have an incredibly strong and entirely independent Tumut and Adelong Times which does a fantastic job of representing and telling stories about issues that are of genuine concern to the local people. For me, this idea of 'community' - which is all so

important in a regional area - is solidified by the quality of its local news media, something which became apparent after talking to some of the other journalists about their experiences of working during the Black Summer bushfires. I'd also argue that as well as the papers ability to unite and inform, the fires in-particular demonstrated the value of local news by providing a forum which empowered locals to begin to work through major events in their own lives and that of others. For many, coming to terms with their confronting and often trauma-filled tales only began once a local journalist came into their homes - almost the beginning of some form of therapy and an avenue for communities to understand what their residents were going through during difficult times. It must be emphasised that this is only possible through the trust and accountability established by local journalism. The idea that 'once you have seen one regional town you have seen all regional towns', could not be further from the truth when it comes to the issues and concerns of the people that live there. As such, each regional town ideally requires journalists who understands this and are able to get into the very thick of each issue by asking the right questions to the right people. I floated the idea to some of my colleagues that perhaps some form of cooperation could be established between bigger and local media outlets, to achieve reporting that really reflected the issues and the people that were being reported, but I also acknowledged this might be too idealistic.

BLUE MOUNTAINS GAZETTE:

The Gazette is delivered weekly for free to all houses in the Blue Mountains area. Of my two days working in the office, it was clear to me that locals, especially older ones, read the paper every week and noticed its absence if they were missed in the deliveries. While I was working there, the Gazette had three journalists including the editor while the rest of the team were dedicated to selling advertisement spaces in the paper. It was a small office in Springwood, but the stories I wrote and that were published really highlighted the sense of community that exists within regional journalism. There were stories about new art at local schools or authors publishing new books and updates with new businesses, stories that I had been taught were not 'newsworthy' in the rush of metropolitan journalism, but that had found space in the weekly paper. There were stories about the big events of the world, like coronavirus vaccines and government policies, but the stories that filled the front page were primarily updates and celebrations for the local community.

THE NEWCASTLE HERALD:

In reflection on the state of journalism in regional NSW, I would say there are several concerning issues regional news outlets are currently facing such as financial cuts to the journalism sector, loss of jobs due to the pandemic and the buying out / closure of regional newspapers. Newcastle Herald is known for some great investigative pieces, however, once again it seemed the limitations with finances and cuts to journalism meant more investigative pieces of journalism weren't as common. Furthermore, during my time working with the podcast team at the Newcastle Herald who were employed by ACM, they said to me it wouldn't be possible to do the work they do without the grant they were had received. This was also reiterated by other journalists at the Newcastle Herald who said a podcast team would be too expensive and that's why it hasn't existed in the past.

THE CLARENCE VALLEY INDEPENDENT:

Through my experience at the Clarence Valley Independent, I was able to put my finger on the pulse of not only a regional paper, but an entire region on the Far North Coast of NSW. By interacting with members of the community through day-to-day reporting, I was able to gauge how much the Clarence Valley Independent meant to them personally, a small business, volunteer organisations, a local bowls group or the surf club. The paper allowed these places to have a voice, linking them to their local community. So I was intrigued and saddened to see firsthand the desperation beginning to show regarding the region's journalism scene. I was told early on in my stint at the paper that COVID had 'saved' the paper. Without the 'Job Keeper' payments from the Federal Government, the newspaper was most likely going to close, with publication costs exceeding generated revenue for years on end. This raises serious questions about the newspaper's viability going forward, with its main rival, The Daily Examiner (a Murdoch owned publication) based in Grafton shutting up shop in print journalism during June last year. If the Clarence Valley Independent loses its print capability, then the region's ageing population will be left without access to local news. Several older members of the community told me this during interviews and off the record, with many unable to access the news online. This brings me to the new media bargaining code, which leaves out smaller media organisations from securing financial support from the social media platforms. A code like this could have helped save these smaller regional companies, but currently it remains to be seen if government will even try to save regional journalism. It's a sad state of affairs, but one which is based in reality.

THE SOUTHERN HIGHLANDS EXPRESS:

As a metropolitan-based student journalist, it would be an understatement to say that I didn't understand the profound importance of regional media in rural and regional towns. Having attended an interview with the editor of the Daily Liberal up in Dubbo earlier last year, all I understood was that regional media struggled to stay afloat as news media continues to transition online. A year later, I found myself interning at the Southern Highlands Express newspaper – a new, paper-only regional news outlet that had risen from the ashes of the COVID-19 pandemic to become one of the most significant sources of news for the Southern Highlands residents. Despite facing a global movement of news media transitioning online and digitising everything to become accessible from the comforts of home, Southern Highlands Express papers thrived in sales and community support and are very much living to tell the tale. I found it was also a strange time to be doing an internship for a regional paper in the Southern Highlands. As I sat in the newsroom, my phone lit up with the latest movement from News Corp as they actually expanded into regional and local news. Operating from The Daily Telegraph platform, The Bowral News was - at the time - News Corp's latest regional acquisition. With the most significant factual news source in the Southern Highlands to be from 2ST radio, the online-platform Southern Highland News owned by ACM and finally Southern Highlands Express, there was no doubt that the introduction of a metropolitan led publication like Bowral News would bring about drastic shifts in the Southern Highlands media ecosystem. Chatting with my editor to understand the full extent of what was happening, she told me that the introduction of the exclusively online Bowral News meant that other online-based local news outlets would expect a drop in revenue as the biggest advertisers would flock for the chance to run advertisements on The Daily Telegraph. This was likely to lead to the loss of the already greatly diminished media jobs in the local area. It wasn't just media outlets who weren't happy about this latest expansion. With a history of being politically vocal, the

Highland locals were less than pleased about introducing a new journalist who didn't have a deep historical understanding of the area. In fact, hundreds took to local Facebook forums to continuously voice their dissatisfaction with this expansion and distrust in metropolitan journalists.

BRAIDWOOD CHANGING TIMES:

The state of journalism in regional NSW is teetering on the edge at the moment. In some areas, regional journalism is in good spirits, with newsrooms making the most of funds, and still managing to deliver a regular paper. Other areas I believe, feel they're trudging through mud, and all that lies ahead is a swamp with no raft. In both circumstances, regional news has felt the harsh sting of funding cuts, which has resulted in major downsizing, program cuts, job losses and total folds. For that reason, the spirit amongst regional journalists is rightly, quite dejected. Many power through, feeling an intense sense of duty to deliver quality journalism to their readers and listeners - something that has been inspiring and admirable to observe, not only in veteran reporters, but also sprightly, up and coming ones. Yet, when it comes to contemplating the future, all eyes fall to the floor. Especially when the future of regional journalism in some cases doesn't feel longer than a few months. I think regional journalism is doing as much as it can on an empty tank at the moment. But it will soon be bone dry, and newsrooms will be forced to wait for a helping hand.

MUDGEES GUARDIAN:

The journalism industry is vulnerable to technological innovation and fluctuations in the economy. Technological advancement in the media industry is not new, and while some print publishers continue to make sufficient revenue to service their community, most are struggling to survive. Last year 112 suburban and regional newspapers printed their last newspapers. The Mudgee Guardian was not among these newspapers, but has not been without its struggles as readers and advertising transition to online platforms. Contemporary regional newspapers have reviewed their strategy to embrace online and mobile delivery, and have turned to paywalls to counter the decline in advertising. In this way, newspaper outlets are stuck between print (higher revenue and higher costs) and online (lower costs and lower revenues). Social media has further transformed the regional journalism arena by broadening audience reach, while also operating as a main competitor. The next challenge for regional newspapers will be rethinking its dependence on social media in the wake of Facebook's decision to temporarily block news delivery on its platform during February. The Mudgee region confronts challenges that are unique to regional and remote towns in NSW. During my time at the Mudgee Guardian, two issues of the town were at the forefront of community conversation: i) the Central West mouse plague; and ii) the shortage of regional doctors.

2. The impact of the News Media Bargaining Code for regional and remote newspapers

Research on whether the News Media Bargaining Code has positively impacted the viability of regional media will undoubtedly be done during the course of 2022, as the government begins its review of the first year of the legislation's operation. Whilst a deal has been struck between the platforms and Country Press Australia, not all regional outlets fall within CPA's ambit, and it is unclear whether the amount of revenue flowing to each masthead will have a meaningful impact. Before the final form of the News Media Bargaining Code was decided, CMT had concluded that some weighting needed to be devised for small and regional publishers taking into account public affairs content, localism, originality, ownership and organisational capacity, in order to create - if not a level playing field - then some semblance of fairness.

Given the non-transparent nature of the deals negotiated with news media organisations or their umbrella associations, it is impossible to know whether revenue is being expended on the maintenance or expansion of regional services, and how much is being allocated to the production of actual journalism. The Gilgandra Weekly has noted in its submission to this committee that the deal struck between ACP and the platforms has:

...an implication on staffing and content production, as the deal requires us to increase our normal weekly output of content to provide a certainly daily number of articles for online. This may lead to a new employment opportunity to manage the digital content production. Country Press Australia also has other negotiations ongoing with other companies. So far, only one of our mastheads meets the required level of digital infrastructure to participate in the deal.

If the requirement imposed on small regional publishers to produce a certain 'daily number of articles for online' is a feature of all the contracts between the platforms and news media producers, this may provide a level of certainty that the public interest is being served. However, the lack of transparency makes this impossible to know.

Further, without adequate funding from the deal, government funding or philanthropy, the opportunity for SME and regional publishers to expand their digital infrastructure in order to meet the threshold requirements for a slice of funding remains problematic.

Recommendations

- There is a need for more transparency around the deals struck to give a degree of assurance that funds are being utilised for the public benefit. There would be no commercial-in-confidence reason to refute transparency, particularly from associations such as the CPA.
- A review should be conducted of the \$150,000 threshold of annual income on small publishers.
- There should be continued funding for start-up and small publishers in regional and rural locations.