The Future of Work in Journalism

By Jim Stanford
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Introduction and Summary

> "The digital revolution has made for a more open and diverse news ecosystem – and a meaner and less trustworthy one. It has also upended the model of journalistic 'boots on the ground' backed up by a second platoon in the office upholding such hallowed standards as verification and balance. Established news organizations have been left gasping, while native digital alternatives have failed to develop journalistic mass, especially in local news. The financial degradation has been insidiously incremental, but one whose accumulation and now acceleration has brought to the fore the issue of sustainability of newsgathering in our democracy." (Public Policy Forum, pp. 3-4)

We are told endlessly that we live in an 'information economy.' But the concrete reality of how information is collected, analysed, reported, and disseminated suggests that Australia is entering this information age in a haphazard, ill-prepared manner. In particular, the way in which technological change, new business models, and the globalisation of information have been handled in Australia has created a situation where our capacity to keep ourselves informed, in a trustworthy and accountable manner, that reflects our lived reality as Australians, has clearly been undermined.

Australia's need for accurate news and other information content is large, and not going away. Access to accurate, timely, objective information and news is an essential 'public good': it affects our ability to function in a healthy, cohesive, and democratic manner. However, for over a decade, the number of Australians employed to produce that essential information has been shrinking: suppressed by corporate concentration and cost-cutting, reductions or complete closures of news gathering, and the outright theft of domestic content by global digital platforms that, until now, have been permitted to free-ride on the investments others make in Australian news and content. Despite these challenges the industry has survived – and the dedicated efforts of thousands of professionals to keep generating timely, accurate content has been critical in helping Australians traverse the unprecedented challenges of the COVID-19 pandemic and other disasters. But it is clear that the industry's current structure is unsustainable.

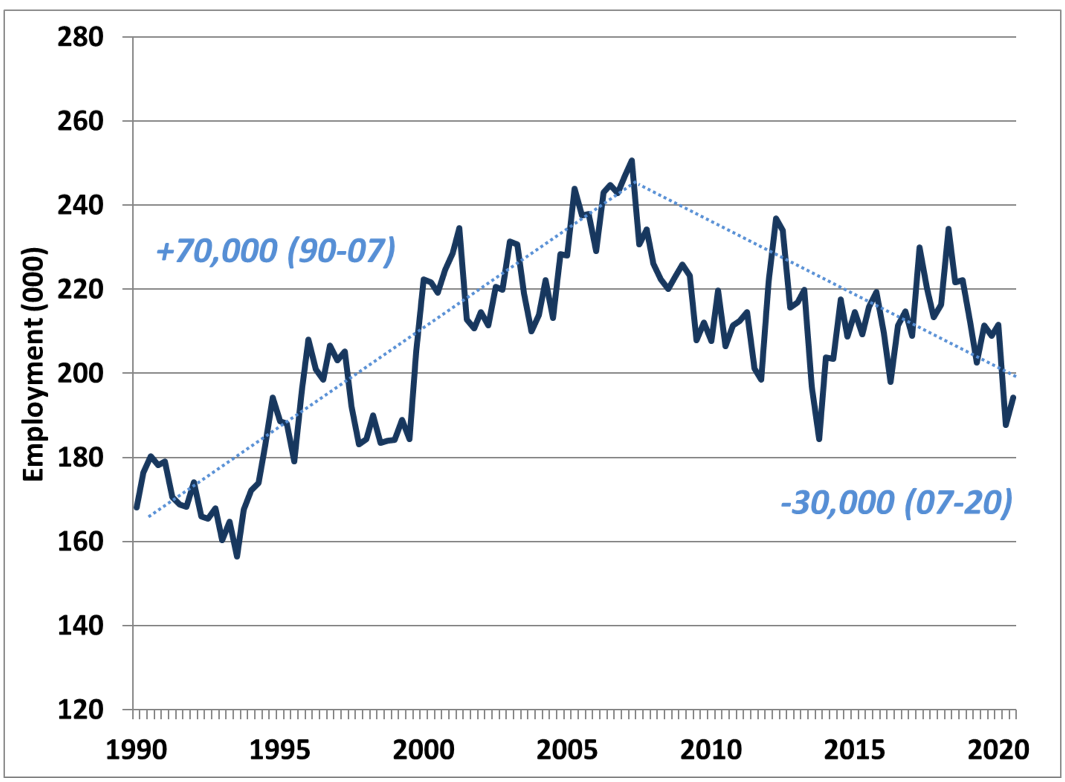
Because news and information constitutes a 'public good', it should and must be a concern of active economic and cultural policy to support Australia's capacity to produce and distribute accurate, timely, and accountable domestic content. This will require active measures to resist and offset the current underlying pressures, driven by digital technologies and economies of scale, that could see content production centralised in the hands of a very few global platforms. Active policy intervention to sustain and support domestic media does not constitute a 'bail out', nor is it part of an insidious government effort to 'control the news.' To the contrary, it is a necessary policy response to the failure of *private* market forces to create the conditions under which this essential service can be viably conducted. This fundamental failure of the private market for information necessitates strong policy responses to ensure that a healthy and capable domestic media industry continue to serve Australians – now, and to face whatever unforeseen challenges will confront our society, and our democracy, in the years ahead.

This paper will review the systemic and structural challenges facing Australia's diverse and evolving media industry, with a special focus on how the nature of journalism – and the conditions faced by journalists and other media workers – are changing in light of technology, new business models, globalisation, and other tectonic forces. The report is organised as follows. First, it provides a comprehensive statistical overview of information and media industries in Australia, including employment levels, wages, GDP, and productivity. This review confirms that information and media industries remain a vital and valuable part of the national economy – although their capacity to meet Australians' growing information needs may be falling behind. The next major section reviews the various forces that have restructured media industries in recent years, including new technologies, cross-ownership across media modes, and growing concentration of ownership. The third section reviews several ways in which the jobs of journalists and other media workers have changed in the face of this restructuring: including new technologies, new employment relationships, and new skills. The final section considers the economic evidence for understanding journalism and the media as a 'public good', thus justifying (and necessitating) active policy measures to sustain its capacities. It then considers a range of policy proposals that would help to sustain a high-quality, independent, and trustworthy media sector in Australia for decades to come.

Profile of Australia's Media Sector

The broad media and information sector in Australia comprises a diverse range of specific sub-sectors and professions. The Australian Bureau of Statistics groups these sectors together in a broad amalgam termed 'Information, Media and Telecommunications' (IMT). It includes the conventional mass media (such as newspapers and broadcasters), new generations of information and data providers (including data and streaming services), and the broad telecommunications industry (including traditional telephone utilities, wireless services, and related activities). Our interest in this report is primarily not in the conventionally-defined telecommunications industry, which accounts for around half of total employment and output in this broad IMT amalgam. However, in some cases disaggregated data regarding the various sub-sectors within the consolidated IMT sector are unavailable. And at any rate, new technologies and business models have clearly blurred the distinctions between these sub-sectors: as evidenced, for example, in the complex bundling or cross-ownership patterns now evident between telecom companies, streaming services, and broadcasters.

Figure 1. Total Employment, Information, Media & Telecommunications Sector, 1990-2020



Source: ABS Labour Force, Detailed Quarterly data.

As illustrated in Figure 1, in 2019 the consolidated IMT sector employed around 200,000 workers. Just under half of those people worked in telecommunications. The other half were spread across a diverse range of other media and information activities: including publishing (newspapers and books), broadcasting, sound and video recording, internet services (including internet publishing[1]), and other library and data-related services.

It is ironic that while it is commonly argued that the modern economy is increasingly driven by 'information' (sometimes called a 'post-industrial' or 'information economy'), the number of Australians employed directly in information industries has been declining for over a decade. After decades of steady growth, employment in the broad IMT sector peaked in 2007, and a total of around 30,000 jobs have disappeared since then (a decline of approximately 15%). As a share of total employment in Australia's labour market, the IMT sector has declined by about two-fifths since the early 2000s: from 2.5% of all employment (as the internet revolution was first accelerating), to just 1.5% in 2020. So while Australians are certainly accessing and using more information in various ways, the so-called 'information economy' is declining significantly in terms of the overall labour market.

Table 1
Information & Media Employment, by Sub-Sector

	2019 Employment (000)	Change Since 2007 (000)
Telecommunications	93.6	-4.9
Publishing	25.2	-28.3
Motion Picture & Sound	36.8	12.2
Broadcasting	31.2	4.4
Internet & Data	9.1	-12.4
Library & Other	12.9	-2.7
TOTAL	208.8	-31.7
Memo Item: Printing[1]	*34.6*	*-18.1*

Source: Author's calculations from ABS Detailed Labour Force data.
1. Considered a manufacturing sector in ABS data, not included in IMT total.

[1] The ABS tries to distinguish between conventional publishing and broadcasting, and internet publishing and broadcasting. The latter category was defined and tracked by the ABS beginning in 2009. Obviously this distinction has become very difficult to sustain, given the shift to on-line publishing and distribution by all major media.

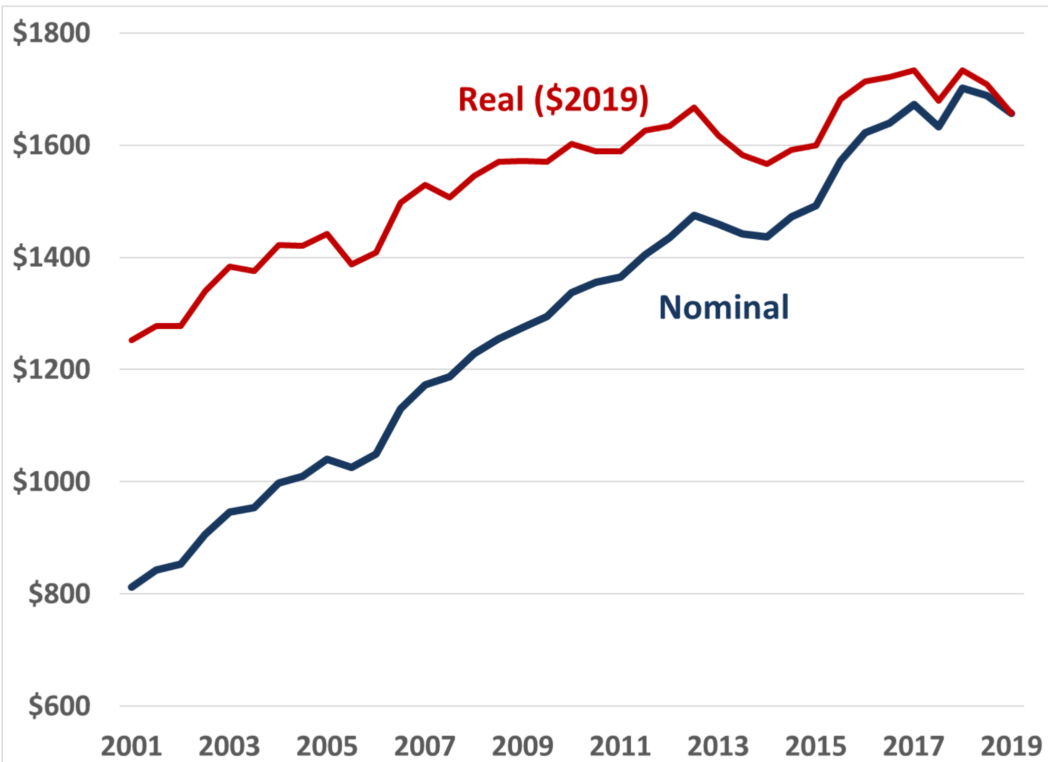
This decline in employment over the past dozen years has been experienced differently by the various sub-sectors of the overall IMT category – and unfortunately journalists and other media workers have experienced some of the worst effects (see Table 1). The publishing industry has experienced the largest job cuts, losing over half of its total employment since 2007 – a loss of some 28,000 positions. This decline reflects the dramatic financial pressures and restructuring experienced by newspapers, along with a more gradual erosion in magazine, book and other publishing. It should be noted that this figure does not include other jobs lost in the direct work of printing newspapers, books, and magazines: this printing activity is categorised by the ABS as a manufacturing sector (and is not included in the broad information and media sector). As shown in the last line of Table 1, the printing industry has lost an additional 18,000 jobs since 2007, representing a decline of over one-third.

Employment trajectories have been mixed across the other sub-categories of information and media work. The large telecommunications sector lost about 5% of total employment since 2007. Broadcasting has modestly increased its total employment, adding 4,000 jobs in the same period. The Australian motion picture and sound recording industry has grown significantly, increasing total employment by half since 2007 (adding over 12,000 jobs). Counter-intuitively, ABS-identified internet broadcasting and service providers have shed more than half of their workforce in the last dozen years, falling to under 10,000 jobs in total. This largely reflects challenges in defining the nature of these businesses and assigning them to particular sub-sectors; much of the work involved in internet-based services is now being captured instead within telecommunications and broadcasting businesses. Library and other information-related services have also experienced modest job losses.

The COVID-19 pandemic and resulting recession has had a painful impact on media and information businesses, exacerbating long-standing financial pressures and leading to accelerated job losses. The overall IMT sector lost another 24,000 jobs between February and May 2020, as the pandemic took hold. None of those lost jobs were won back in the subsequent 15 months (to August 2021); in fact, employment in the broader IMT sector continued to shrink (down 3,000 positions even as the rest of the economy began to re-open). This suggests that most of the job losses across this sector are likely to be permanent. In some cases (such as sound and video recording) health restrictions were an important factor in COVID-related job losses; most of those jobs returned as health restrictions were lifted. However, in other cases, business conditions (not health restrictions) were the main factor behind recent job losses, and unfortunately those conditions are not getting any better. For example, there has been no recovery in publishing employment since the worst days of the COVID-19 lockdowns.

On average across the aggregated IMT sector, employees earn around $1700 per week. Full-time workers earn close to $2000 per week.[2] In both cases, weekly earnings are about one-third higher than average wages paid across the Australian labour market. Earnings are highest in the telecommunications sub-sector, compared to the various media segments. The IMT sector's higher-than-average earnings reflect several factors: including the large proportion of higher-educated professionals, managers and technical workers in the sector, the very rapid productivity growth experienced in most segments of the industry, and strong union representation in some sub-sectors. These factors are described in more detail below.

Figure 2. Average Weekly Earnings, Information & Media Industries, 2001-2019



Source: Author's calculations from ABS Average Weekly Earnings and Consumer Price Index.

As illustrated in Figure 2, wages in IMT industries[3] have grown very slowly in recent years. This reflects the turbulence experienced in many media sectors, which have made it especially challenging to win wage gains (given deep uncertainty around job security). It also reflects the general stagnation of wage levels in Australia's broader labour market. Since 2016, nominal wage growth in the IMT sector has averaged just 1.6% per year. That has not even been enough

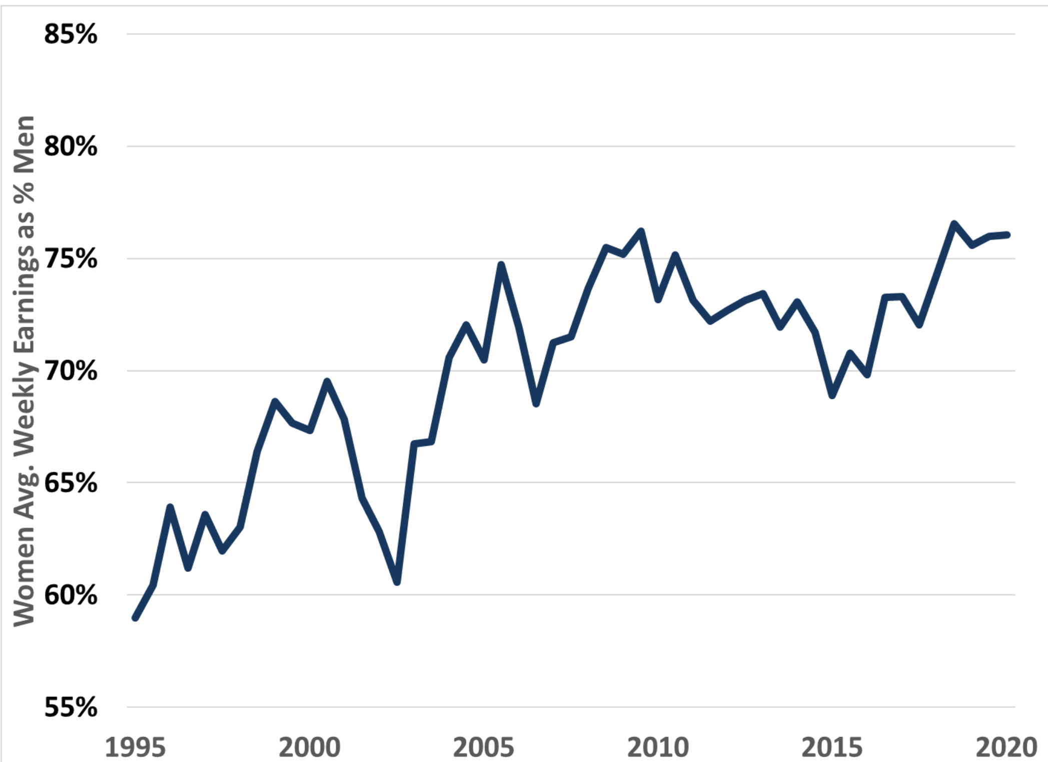
[2] As discussed below, a growing share of the IMT workforce is employed on a part-time basis, often in casual positions, and this pulls down average weekly earnings.

[3] Unfortunately ABS data on weekly earnings (including the breakdown by gender) are not available at the disaggregated sub-sector level, only for the overall IMT sector.

to keep up with consumer price inflation, and hence the real purchasing power of wages in the sector (after inflation) has declined in recent years.

On average, women working in the broader IMT sector earn only three-quarters as much per week as their male counterparts (Figure 3). And the gender gap in wages has persisted in recent years: it is no smaller than it was a decade ago. One factor reinforcing the gender pay gap is the heavy concentration of male workers in the higher-paying telecommunications sector: women make up only 25% of total employment in telecommunications, but half of all workers in the rest of the IMT sector (where average wages are lower than in telecommunications).

Figure 3. Gender Pay Gap in Information & Media Industries, 1995-2020



Source: Author's Calculations from ABS Average Weekly Earnings.

In addition to the decline in the total number of jobs in most information and media industries, there has also been a deterioration in the quality and security of employment as the industry has restructured. Employers have pushed to restructure employment relationships to reduce labour costs, make it easier to fire or reallocate workers, and shift risks and costs from employers onto workers. This erosion of employment security and stability has been experienced unevenly, across the various segments of the overall IMT sector.

For example, as highlighted in Table 2, there has been a noted increase in the incidence of part-time employment in IMT sub-sectors since the industry began to downsize its employment levels in 2007. The telecommunications segment, however, has been relatively insulated from this trend: less than one in ten telecommunications workers is employed part-time, and that ratio has not significantly changed. Elsewhere, however, part-time jobs are very common: ranging from about one-quarter of all jobs in publishing and broadcasting to almost half in video and sound recording and library services. In total, one-third of all media workers (excluding the telecommunications sub-sector) work part-time, and that share has jumped by over 7 percentage points since 2007.

Table 2
Part-Time Intensity
Information & Media Sub-Sectors

	Part-Time Share (2019, %)	Change Since 2007 (%pts)
Telecommunications	9.7%	+0.3%
Publishing	27.2%	+1.8%
Motion Picture & Sound	42.2%	+0.1%
Broadcasting	22.1%	+8.4%
Internet & Data	26.4%	+15.2%
Library & Other	49.9%	+12.5%
TOTAL	**22.5%**	**+3.7%**
Excl. Telecom.	*32.8%*	*+7.4%*

Source: Author's calculations from ABS Detailed Labour Force data.

Table 3
Indicators of Precarious Employment
Information & Media Industries, 2019

Indicator	Share Employment (%)
Part-time Employment	22.5
Casual Employment[1]	18.4
Self-Employment	14.4
Permanent Waged Full-Time with Entitlements	60.3

Source: Author's calculations from ABS Labour Force, Detailed Labour Force, and Characteristics of Employment data.

1. *As share waged employment (excluding self-employment).*

There are other indicators of growing precarity in employment arrangements in the broad IMT industry, summarised in Table 3. Casual jobs account for over 18% of all waged positions. And self-employment and contractor roles account for 14% of total employment in the sector. Three-quarters of those self-employed individuals were sole-traders (with no employees), which typically indicates a contractor-type arrangement (with poor job security and no entitlements). Just 60% of total employment in the broader IMT sector reflects a traditional 'standard' employment relationship: permanent full-time waged work with normal entitlements, like paid sick time, holidays, and superannuation. The COVID-19 pandemic highlighted the necessity of paid sick leave and other job and income protections to public health, and this makes the growing insecurity of media work all the more concerning.

Jobs in information and media industries incorporate a wide mix of different occupations and trades. Table 4 provides details on the occupational composition of employment across the various sub-sectors that make up the aggregate IMT sector.[4] These industries rely on a strong complement of specialised and well-qualified trades and occupations.

Fully 55% of all workers in the broad IMT sector fill professional and management job classifications, a much larger proportion than in the overall Australian workforce. These management and professional jobs, of course, include a very wide range of different specialisations. As of 2016, there were over 11,000 employed journalists, authors, and other writers in the broader IMT industry. Two-thirds of these writers (over 7000 positions) worked in the publishing industry (including newspapers), with another 2500 employed in broadcasting.

Another important concentration of specialised professionals are artistic, media and stage professionals, including directors, announcers, and on-screen talent. Some 12,500 workers fall into that category, with the biggest concentrations in the broadcasting and video/sound recording sub-sectors. Almost 27,000 skilled technicians and tradespeople are also employed in the aggregate IMT industry. Over 60% of these work in the telecommunications industry – representing technical staff working on transmission and technology functions. But over 10,000 qualified technical and trades workers are also employed across the other information and media sub-sectors. Among other occupational categories, it is noteworthy that managers account for a large proportion of total employment: some 16.5% of all jobs in the aggregated IMT sector. The telecommunications, publishing, and internet sectors are especially top-heavy, with managers accounting for almost one in five jobs in those segments.

[4] Table 4 relies on data from the 2016 ABS Census, which provides more detail regarding occupational categories than more frequent ABS publications and sources.

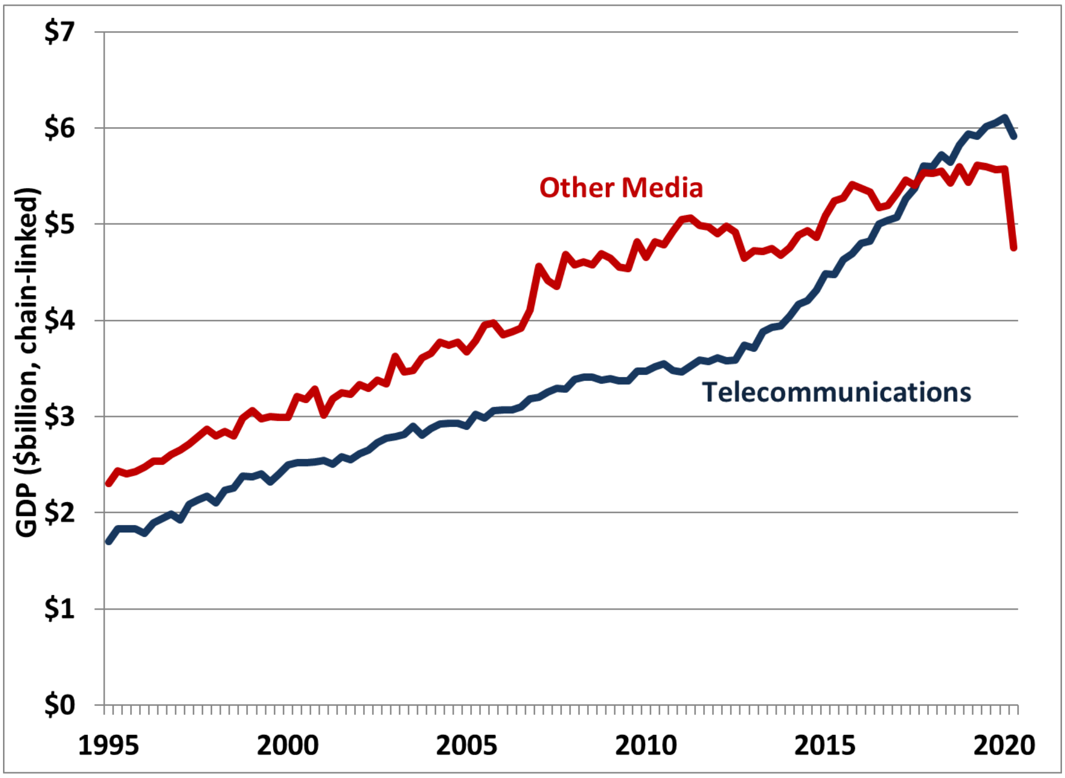
Table 4.
Employment by Sub-Sector and Occupation, Information & Media Industries, 2016

	Managers	Professionals	Of Which: *Journalists Authors & Writers*	Of Which: *Art, Media & Stage*	Tech-nicians & Trades	Operators & Labourers	Clerical & Admin.	Sales	Other	TOTAL
Telecommunications	13754	20985	*107*	*63*	14022	1230	11580	5585	2299	69455
Publishing	5697	13908	*7129*	*388*	1706	2060	3325	3221	569	30486
Motion Picture & Sound	2999	8756	*223*	*5641*	3180	1643	1636	5292	1033	24539
Broadcasting	2443	12725	*2503*	*6092*	3441	316	3171	1685	493	24274
Internet & Data	3897	9017	*496*	*60*	2572	245	2837	1323	674	20565
Library & Other	1287	5093	*618*	*282*	1909	325	2925	346	451	12336
Total	30077	70484	*11076*	*12526*	26830	5819	25474	17452	5519	181655

Source: Author's calculations from ABS 2016 Census data, TableBuilder.

Despite the pressure of declining revenues, cost-cutting, restructuring, and now the pandemic, managers have successfully defended their already substantial presence in the industry's total employment footprint.

Figure 4. GDP, Information & Media Industries, 1990-2020

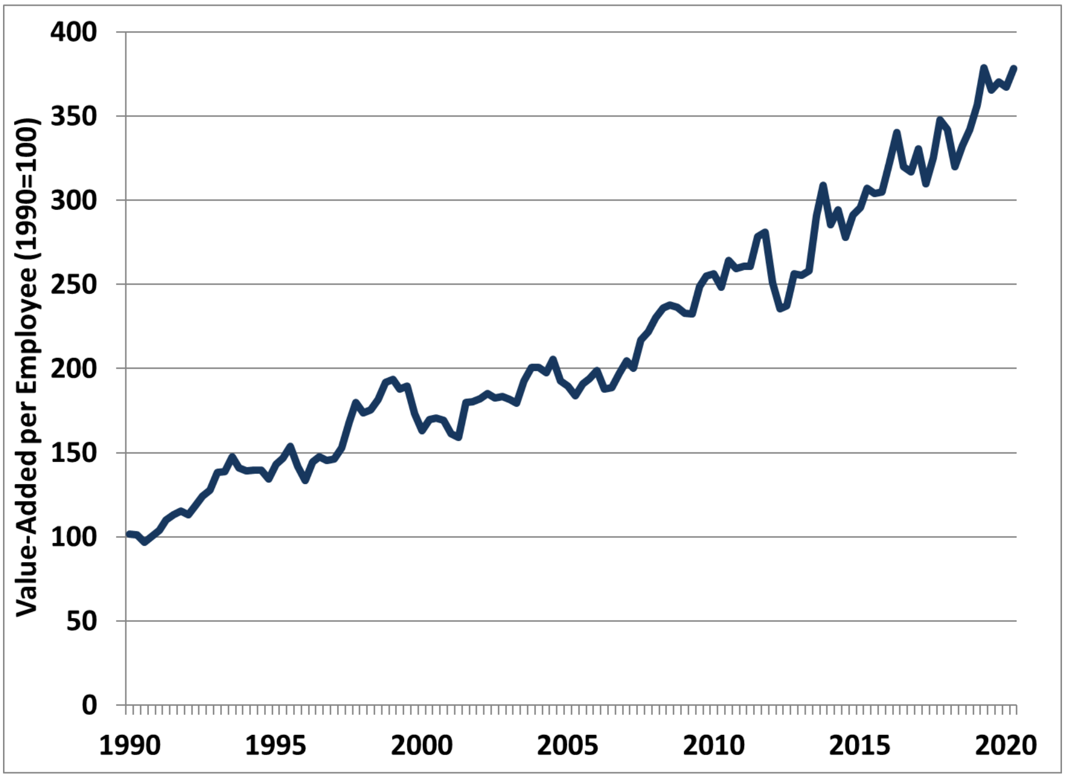


Source: Author's calculations from ABS, National Accounts.

The diverse economic conditions experienced across the broader IMT sector are also evident in statistics regarding the industry's output and contribution to Australia's overall GDP. Figure 4 illustrates the evolution of GDP produced in the two broad halves of the aggregated IMT sector. The telecommunications sub-sector now accounts for just over half of total GDP emanating from IMT: worth $6 billion in total value-added in 2019 (measured in chain-link terms). Total value-added in telecommunications accelerated after 2012 – growing since then at an average annual rate of over 7% per year. In contrast, value-added in the other IMT sectors (including publishing, broadcasting, and video and sound recording) has been expanding much more slowly, by under 2% per year. However, this growth in real output growth was attained despite significant downsizing in employment in those non-telecommunications IMT sectors. That makes the industry's modest growth all the more surprising and impressive.

However, both of these major segments of the IMT sector experienced dramatic declines in output with the onset of the COVID-19 pandemic; those declines were much deeper in the media sub-sectors than in telecommunications. GDP in telecommunications declined 2% between the last quarter of 2019 and the April-June period of 2020 (the worst period of COVID restrictions on work and activity). In contrast, GDP in the other media sectors fell by a painful 15% in the same period (as indicated in Figure 4).

Figure 5. Average Labour Productivity, Information & Media Industries, 1990-2020



Source: Author's calculations from ABS Labour Force and National Accounts.

The combination of declining employment since 2007 with rising output translates into a two-sided increase in labour productivity (Figure 5). In essence, the whole IMT sector is producing more output, but with significantly fewer workers. That means the productivity of each worker is significantly higher. On average across the whole IMT sector, each worker produced over $220,000 worth of value-added output in 2019. Productivity has nearly doubled since 2007, when IMT employment started shrinking. It has increased almost four-fold since 1990. That is an astounding record of productivity growth, far higher than almost any other industry in Australia.

Average productivity is highest in the capital-intensive telecommunications sector. But even in the other media sectors, labour productivity is high and fast-growing. Value-added per worker equalled almost $200,000 per employed worker in 2019, and grew by almost 4% per year from 2012 through 2019. In media industries, real output has increased despite downsizing and restructuring of the workforce: workers in these sectors are producing more with less, despite the difficulties associated with financial losses, downsizing, and excess capacity.

However, this rapid growth in productivity in information-based industries has not translated into real improvements in earnings for the people who work there. Since 2012, real weekly earnings across the whole IMT sector increased at an average annual rate of less than 0.5% per year – less than one-sixteenth as fast as the average annual increase in real labour productivity. And since 2016, as noted above, real earnings have actually declined. In sum, workers have bent over backwards to improve the productivity and viability of media industries, in the face of unprecedented technological and structural change. But the resulting improvements in efficiency and productivity have translated into neither job security nor improved real earnings. Clearly a different approach is needed to secure a decent future for media work.

Structural Change in the Media Industry

The statistics above have described the evolution of the overall information, media, and telecommunications sector of the economy. The industry's output has grown (exceeding $11 billion in combined GDP in 2019), despite a decline in employment of over 30,000 positions since 2007 – when IMT employment peaked. Productivity has grown rapidly, thanks in part to the roll-out of new technologies in all segments of the broad industry, but wages have stagnated.

Underneath these aggregate trends, there have been dramatic changes in the structure, ownership, and business models of media firms. In particular, demand for printed newspapers has fallen dramatically due to the wider use of technologies that allow access to news from computers, tablets, and smart phones. Newspapers have attempted to expand their presence and revenues (both subscriptions and advertising) from online versions of their product, with limited success to date. Television and radio broadcasters have also had to adjust to the ability of consumers to access programming digitally – including from streaming services, on-line access to networks and programs, and mobile devices.

Table 5 summarises key features of four major segments of the broader media industry in Australia: including newspapers, free-to-air television, radio stations, and internet-based publishing and broadcasting. Not surprisingly, the weighting of the overall media industry has shifted dramatically in favour of digital services.

As noted above, the distinctions between these various components of the media industry have been blurred by technology. All major media platforms deliver their product at least in part through internet and digital channels. So the categories identified in Table 5 are not exclusive. Moreover, ongoing changes in media ownership have further confused the borderlines between different media segments. Since the liberalisation of media ownership restrictions in the 2000s – permitting both higher concentration of ownership within a segment, and cross-ownership across segments – major media conglomerates have increased their size and their diversity. Companies such as Nine Entertainment, Seven West Media, and Ten Network Holdings have leveraged their initial presence in broadcasting into diversified power across media platforms. Meanwhile, the large telecommunications companies (including Telstra,

Table 5. Structural Change in Media Industry Segments				
Segments	**Largest Firms**	**Concentration Ratio (Top 4 % Revenue)**	**Total Revenue (2020)**	**Avg. Annual Revenue Growth (2015-20)**
Newspapers	News Australia Nine Entertainment 20 Cashews Pty. Seven West Media	95%	$2.7 billion	-9.5%
Free-to-Air TV	Seven West Media Nine Entertainment Ten Network Holdings ABC	77%	$4.2 billion	-4.4%
Radio	Southern Cross Media Grp ABC HT&E Ltd. Nova Entertainmanet (Aus.) Nine Entertainment	69%	$1.5 billion	-4.4%
Internet Publishing & Broadcasting	Nine Entertainment SEEK Ltd.	69%[1]	$4.9 billion	+12.8%
FOUR MAJOR SECTORS			**$13.3 billion**	**-1.4%**

Source: Author's calculations from Chapman (2020 a-d) and Papandrea and Tiffen (2016).
1. Internet service providers only.

Optus, and Vodafone) have extended their market position with the direct or indirect provision of new streaming and download services.

In this restructuring of media activity, newspapers have experienced the most dramatic and painful changes, driven by the loss of print advertising revenue as the mainstay of the industry's finances. Total revenues in the newspaper business declined at an annual rate of almost 10% over the past five years, and there is no sign yet that the bottom has been reached. Attempts to offset the loss of print advertising revenue with a combination of digital advertising and digital subscription revenues have not yet stabilised the industry's financial footing. Concentrated market power by the leading internet advertising platforms (Google and Facebook, which together control a large share of digital advertising revenue in Australia) have made it even harder for newspapers to build a sustainable foothold in the digital market.

Other traditional media forms have also lost revenue at a significant but slightly less ominous rate. Total revenues in both free-to-air TV and in radio broadcasting have declined at over 4% per year during the last five years. Again, efforts by these platforms to expand their presence and their revenues through digital transmission channels have been hampered by the very strong market power of Google and Facebook, which can offer larger audiences to digital advertisers at lower prices.

Internet-based broadcasting and publishing has experienced overall revenue growth according to this data, although performance has been uneven across specific firms and platforms. After all, internet broadcasting and publishing is a broad, diverse, and imprecise category, containing many different players: from global behemoths like Netflix to small and financially pressed internet-based news and commentary platforms. Aggregate estimates suggest total revenues have grown by close to 13% per year in the last five years. With total revenues expected to reach close to $5 billion in 2020, this is now the largest media segment measured by revenue – surpassing the free-to-air TV sector. Some internet broadcasters benefit from a revenue base that is focused more solidly on subscriptions rather than advertising (especially video streaming services).

Despite the overall growth of this diverse internet segment, however, combined revenues across all four major segments have still declined over the past 5 years: at an average rate of 1.4% per year in nominal terms, and by faster than that in real (after inflation) terms. In other words, the growth in revenues for internet-based services has not offset the decline in revenue for traditional media industries.

Table 6.
Employment Restructuring in Media Industry Segments

Segments	Estimated Employment (2019)	Five-Year Change Employment (2014-19)
Newspapers	10,585	-5,223
Free-to-Air TV	11,405	-2,290
Radio	5,287	-651
Internet Publishing & Broadcasting	6,404	1,761
TOTAL	33,681	-6,403

Source: Author's calculations from Chapman (2020 a-d).

That same negative net balance is visible more starkly in terms of employment patterns in Australia's media industry (Table 6). Internet-based services employ relatively few people in Australia, despite their rapid growth. This is because much of the content in these services is produced elsewhere. The entire internet broadcasting and publishing sector is estimated to employ just 6,400 people in 2019. Employment has grown in the past 5 years, by less than 2,000 positions. But that is not remotely enough to offset the much larger losses in employment experienced in traditional media industries.

Newspapers have experienced the greatest employment losses, not surprisingly given the unforgiving decline in industry revenues. The newspaper sector shed roughly one-third of its total employment in the past five years, losing over 5000 positions. As of 2019, newspapers now employ fewer people than the free-to-air television industry, reversing the traditional ranking of these two dominant traditional forms of media. Free-to-air television networks have shed some 2,300 jobs in the past five years, while radio stations have also downsized (by 650 positions).

On a net basis, these four sectors have lost over 6000 positions. That represents a decline in total employment of 16%. The occupational mix of the overall media industry has shifted at the same time. The internet broadcasting sphere employs fewer journalists and content creators, and relatively more technical and administrative staff, due to its comparatively weak creation of Australian content.

The media industry is marked by a very high level of corporate concentration: a few very large firms dominate the market for each respective segment of media services. As summarised in Table 5, the top 4 chains control 95% of revenue among daily newspapers, over 75% of total revenue in free-to-air television, and almost 70% of revenue in the radio broadcasting sector. The capital-intensive nature of internet broadcasting and publishing (including both the technology of distribution and the economics of content production) ensure that this tradition of concentration is being replicated in new media platforms, as well. Given the public interest issues at stake with information and media, this heavy corporate concentration raises important ethical, political, and cultural challenges – in addition to the normal economic concerns raised by monopoly or oligopoly control in any industry.

Media sectors have in fact become more concentrated than ever as a result of the restructuring, technological change, and deregulation that have reshaped the overall IMT sector in recent years. One important development in this regard was the purchase of the Fairfax Media chain by Nine Entertainment, making Nine the largest domestic media company in the country. This acquisition continues a trend of cross-ownership across platforms that has reshaped ownership patterns in Australian media. Firms seek economies of scale in producing content for delivery across multiple platforms, as well as opportunities for promoting brand awareness and offering advertisers multi-mode promotion opportunities.

Indeed, as Papandrea and Tiffen note, powerful economic forces will continue to drive the process of concentration, unless it is constrained by government regulation. Once content has been created, the marginal cost of sharing that content through digital technologies with an additional reader or viewer is close to zero. This provides tremendous advantages to larger producers, who can charge less for their product and reach a larger audience, creating a self-reinforcing process of market domination:

> "The analysis indicates a tendency for increased market concentration in all electronic media markets. While regulation has constrained high levels of concentration in mass media markets, such as broadcast TV and radio, the inherent economies of scale provide incentives for greater concentration. In television, for example, there are major economies of scale in both programming and the supply of national advertising: in both of these areas, major broadcasters were able to increase their market share through commercial agreements. The tendency toward concentration is also evident in the new media. As for all information services, once content is created the cost of making it available to larger numbers of users is very small. Increased popularity of a service enables providers to exploit a virtuous circle by increasing investment in content and thus increasing its appeal to users. Less popular services face a vicious circle fed by the loss of users and reduced capacity to invest in improvements." (Papandrea and Tiffen, 2016, p. 732)

The problem of the low marginal cost of delivering content digitally is exacerbated by the fact that some delivery platforms are not paying for the development of that content in the first place. Instead, the re-posting of content (news, entertainment, and other programming) by online and social media platforms has become a predominant way of distributing content. This has boosted traffic (and hence advertising revenue) for these platforms. But it further undermines the economic foundation for production of content (including news) in the first place, and jeopardises traditional standards of ethics and accountability in journalism. The danger to the viability of journalism is ominous:

> "The Internet, once an extraordinary manifestation of a freewheeling information market, has quickly come to be dominated by a pair of global giants from Silicon Valley–Google and Facebook–that are not only lacking in passion for news, but actively avoiding the responsibilities of a publisher." (Public Policy Forum, 2018, p.8)

The ability of these global digital platforms to freely access content which was produced (and paid for) by others constitutes a clear case of market failure: the producers of original content cannot enforce full property rights over material they have produced (which can usually be accessed and circulated without charge by platforms such as Google News or Facebook). This undermines and eventually destroys the economic viability of production of this content. It is a standard finding in public economics[5] that access by free-riders to a good or service without charge will, in the absence of corrective regulation, result in the undersupply of that product, with consequent negative impacts on aggregate consumer welfare. Digital free-riding on news and other content by these platforms constitutes a modern and destructive manifestation of this long-standing problem in economics. The nature of this market failure, and possible solutions, are discussed further in the last section of this report.[6]

Another related dimension of the restructuring of media industries has been the increased penetration of global media sources into the Australian market. Digital technologies allow domestic consumers to access content from platforms around the world. Combined with the strong economies of scale inherent in production and dissemination of digital content, this effective integration of the domestic media market into a larger global whole poses major challenges to the viability of domestic content production. Leading international news sites (such as *The New York Times*, *The Guardian*, or *The Washington Post*) can profitably offer their content digitally to Australian customers at extremely low marginal costs, since their production costs are spread across very large subscription bases. That makes it very difficult for domestic providers to defend or grow a market sufficiently large to support content production.

Again, the implications of this trend go beyond the purely economic concerns raised by other cases of market failure and monopolisation. The uneven international distribution of content production that is the result of this process poses major threats to the viability of domestic production of news and other content. It also places Australian consumers at risk of foreign influence, to the extent that domestic news and cultural capacities are undermined, and damages the quality of our democracy.

[5] See, for example, Stiglitz (2000), Ch. 6.

[6] The new Bargaining Code pressuring digital platforms to negotiate revenue-sharing arrangements with content producers, discussed below, represents a partial but incomplete response to this problem.

How Journalism Work is Changing

Even without the intense financial pressures that have been experienced in traditional media workplaces under the industry's wrenching restructuring, the work of media workers would be evolving rapidly as a result of digital technology. However, the impacts of technological change on the jobs of journalists and other media workers have certainly been more explosive as a result of the flux in business models, financial viability, and concentration which digital technology has also accelerated. This section of the report will canvass several of the ways in which the work done by journalists and others in the broader media industry is being transformed.

THE REORGANISATION OF MEDIA WORK

Digitialisation of Production

The physical production of printed newspapers has declined dramatically, and will likely continue to decline. This has eliminated significant amounts of work that were formerly associated with the preparation, printing, and distribution of printed papers. As noted in Table 1 above, employment in Australia's printing sector has declined by one-third since 2007, representing the loss of close to 20,000 jobs; a significant proportion of this loss resulted from the decline of newspaper printing (and other printed media, such as magazines). Other jobs associated with print production (such as layout and set-up roles) have also been eliminated or changed by the shift to digital formats. Some of these job losses have been offset by new roles in digital design and production. Those roles require alternative skills.

Changes in both the quantity and the skill content of work have also been experienced in other media segments as a result of digitalisation of production and distribution methods. Broadcasting and video/music production have also shifted to digital technologies, although with less dramatic impacts on their respective workforces as has occurred in newspapers. In many cases the switch from traditional to digital modes of recording and production mostly involved the acquisition and application of new equipment, with less dramatic impacts on the flow of work and the required skills of workers.

Multi-Platform Production and Multi-Tasking

The blurring lines between different modes of media production and dissemination, combined with the growing cross-ownership of multiple platforms by diversified media interests, has led to growing expectations for journalists and producers to simultaneously develop content for multiple modes of distribution. Journalists are asked to prepare print, digital, and sometimes even audio or video versions of the same story, for application across the full range of platforms maintained by their employers. Content producers are also commonly required to prepare multiple versions of material.

Another increasingly common form of multi-tasking is the expectation that journalists will perform a broader range of production and support functions associated with the development of content: including operating video cameras and other more complex recording equipment while conducting interviews and investigations. In efforts to cut staffing and expenses, media outlets have relaxed or eliminated many traditional lines of demarcation between technical functions. In addition to contributing to the loss of employment for technical specialists, it has also made it more challenging for journalists to maintain the quality of their work – with their time and attention divided between core journalism and fulfilling a broad range of support and technical functions.

These shifts to multi-platform content generation and technical multi-tasking have certainly been associated with the intensification of work and ongoing job loss across the broader media sector. It has resulted in the loss of thousands of positions in various specialised functions, and increased workload and stress for the more flexible and generalist media workers who are left.

Casualisation and Freelancing

The employment data reviewed above highlighted the significant and growing share of non-standard and insecure forms of work in the broader media industry. Close to one in three Australians working in various media industries[7] is employed on a part-time basis. Part-time intensity is especially high in the sound and video recording segment. Similarly, close to one in five workers across the full IMT sector (and a larger share in media) are employed on a casual basis – meaning they have no access to regular hours, incomes, or entitlements. And close to 15% of all IMT workers are self-employed – in most cases as sole-trader contractors, often not even incorporated. All these data confirm the growing use of freelance or contractor arrangements in the sector.

In addition, therefore, to the gradual decline over the last dozen years in the total level of employment in media industries, journalists and other media workers have also experienced a growing precarity in the nature of employment relationships and job

[7] Excluding telecommunications.

security. A growing share of journalists work as freelancers. And more technical and production staff work as contractors, rather than paid employees. This change creates a range of major challenges for the media industry and the people who work in it:

- Incomes are insecure and unpredictable, fluctuating with economic conditions and news cycles.
- Normal entitlements (such as paid time off and superannuation contributions) are not provided to freelance and contract workers. This lack of paid time off (including for sickness or self-isolation) exacerbated personal and public health risks during the pandemic.
- It is difficult for workers on freelance or contractor arrangements to arrange and pay for ongoing training and upgrading. This is especially important given the rapid pace of technological change in media industries.

The increased precarity of work in the media sector mirrors the growth of non-standard and insecure work arrangements across the broader labour market.[8] So in that regard, the problems posed by insecure work arrangements in the media sector are not unique – and the solutions (including stronger limits on casual employment, greater protections for contractors and other nominally self-employed workers, and provision of basic entitlements like paid sick leave to all workers regardless of employment status) are similar to those that have been proposed for other sectors. But precarious work in the media industry has been experienced in the context of especially dramatic technological and financial challenges. And in addition to traditional issues of fairness, job stability, and health, in the media industry the trend to casualisation also raises concerns about the capacity of the industry to provide reliable and high-quality domestic news and cultural content, which in turn is an essential input to the functioning of an informed and democratic society.

Specialised and Custom Content

As described above, the digitisation and internationalisation of content production in news, entertainment, and other media products has produced even-greater centralisation of media industries, which have long exhibited extreme levels of corporate concentration – even before the advent of digital technologies. Gigantic global platforms can disseminate content (including international news) for near-zero marginal cost. Combined with the (so far) unconstrained ability of digital platforms such as Google News and Facebook to 'harvest' and appropriate content that was

[8] Carney and Stanford (2018) find that half of all employed Australians experience one or more dimensions of precarious employment.

produced by others, this has led to a devaluing of basic news and other content. In some cases, very routine forms of content generation (including weather forecasts, traffic reports, and some simple news stories) can even be automated, with the use of artificial intelligence programs.

For all these reasons, basic, standard content generation becomes increasingly uneconomic for domestic producers. Consumers can access basic news and other information for free from various digital platforms. And those platforms can assemble and disseminate that information at very low cost. These forms of media are thus becoming more like ‘commodities’: produced in bulk, with little customisation, and sold at low cost. It will become increasingly difficult for this type of media to support high-quality, high-skill work in Australia.

A possible silver lining to this challenging trend is that there will remain demand among consumers for customised content that reflects more specialised, domestic, and local interests. A larger share of content production will be devoted to producing news and other content that cannot be produced by standardised, international, and even automatic content systems. Some Australian media platforms have reallocated resources to addressing more in-depth, specialised topics. For journalists, this may mean less work in total – but the work that remains may be more creative and value-added, since routine journalism becomes less viable in the face of low-cost, commodified digital mass production.

Again, the net impact on the total number of employed journalists and other content producers is likely negative: the growth in specialised, in-depth journalists and producers will not likely offset the loss of positions in more traditional and routine tasks. But the jobs that remain will require, on average, a higher level of journalistic skill and will involve more creativity and value-added than some traditional functions. And the core skills and attributes of high-quality journalism – including cultivation of networks and sources, ability to pursue and challenge authority, and a commitment to the public interest – will remain as vital as ever.

MEDIA EMPLOYMENT PROJECTIONS

Given the continued turmoil experienced in all segments of the media industry, driven both by technological developments and financial restructuring, the outlook for employment opportunities is understandably uncertain. These changes have resulted in both a decline in total media sector employment, and a shift in the composition of the jobs that remain. The industry has experienced the replacement of permanent waged jobs with freelance and contract positions, and shifts in the skill and technical composition of work associated with the digitalisation of content production and dissemination. Overall employment in the media as a whole has declined, as confirmed by the data reported above: the creation of new positions in emerging platforms and technologies has not been sufficient to offset the loss of jobs in more traditional media occupations.

Looking forward, it is impossible to project the trajectory of overall employment trends, but it is almost certain to experience continued decline. The federal government's Department of Employment, Skills, Small and Family Business prepares five-year forecasts of employment levels disaggregated by industry and occupation, in order to provide educational institutions, students, job-seekers, and employment counsellors with more information to guide their planning and decision-making. But these projections assume a largely 'status-quo' outlook for industrial and occupational composition; obviously, government analysts cannot predict and understand deeper structural shifts in economic and technological parameters. Those government forecasts anticipate a generally stable level of employment in the overall IMT sector and its various components; but that rose-coloured expectation is not credible. In reality, the media industry will experience continued turbulence and, in many sub-sectors, contraction.

Despite the uncertainty and financial distress marking many segments of the media industry, however, we should not lose sight of the more positive underlying drivers of Australians' demand for information, news, and content. Australia's population is growing, and consumers expect (and can pay for) more and more readily available content (delivered through a growing array of distribution technologies). In this regard, the economic and cultural needs fulfilled by the media industry are robust – and that will continue to provide a foundation for an important and viable industry. But this potential can only be realised if the domestic media industry is able to reestablish a sustainable financial footing, with the capacity to provide a healthy and proportional level of domestic content production.

Policy Recommendations

JOURNALISM AS A ‘PUBLIC GOOD’

As described above, Australia’s broader media industry has experienced a period of unprecedented turmoil and uncertainty, buffeted by the twin forces of rapid technological change and the dramatic restructuring of media businesses. However, the media sector is not alone in confronting rapid and often painful change: other sectors of Australia’s economy (including manufacturing, transportation, and retail) have also experienced major economic and technological changes, including falling employment, displacement of workers, and bankruptcies and mergers. Why should government pay particular concern to the problems of the media industry?

The basis for policy engagement by government in addressing the challenges faced by the media industry stem from the broader public interest in a healthy, trustworthy, and representative media and cultural sector. Having the ability to access news and other information that is accessible, true, and reflective of the lived reality of Australians is a vital input to the functioning of a democratic and cohesive society. In this regard, there is a public good served by the existence of a sustainable, credible media sector that is not fully reflected in the private costs and revenues of private transactions.

Margolis (2012) identified eight critical information needs that are served by a strong media industry, without which society’s ability to function safely, efficiently, and democratically is undermined. These eight functions underpin the ‘public good’ served by the media sector:

1. emergencies and risks, both immediate and long term;
2. health and welfare, including specifically local health information as well as group specific health information where it exists;
3. education, including the quality of local schools and choices available to parents;
4. transportation, including available alternatives, costs, and schedules;
5. economic opportunities, including job information, job training, and small business assistance;
6. the environment, including air and water quality and access to recreation;
7. civic information, including the availability of civic institutions and opportunities to associate with others;

8. political information, including information about candidates at all relevant levels of local governance, and about relevant public policy initiatives affecting communities and neighbourhoods.

The importance of accurate, trusted public information has certainly been reinforced by the experience of the current COVID-19 pandemic – and by other disasters and crises (such as the unprecedented bushfires of the 2019-20 fire season). Australians critically depend on the media to transmit information and instructions during times of crisis. But the same public function is played, in a less dramatic fashion, by the media sector's ongoing day-to-day activity. As famously put by the Knight Commission (2009, p. xiii), which reviewed the condition and viability of the media sector in the U.S., "Information is as vital to the healthy functioning of communities as clean air, safe streets, good schools, and public health."

In economic theory, pure public goods are defined as products of value which are non-rivalrous and non-excludable. Non-rivalrous means that one person's consumption of the product does not interfere with others consuming it, as well. This implies that the marginal cost of an additional unit of consumption is very low. As we have noted above, with digital distribution technologies, the marginal cost of sharing information (content) with incremental consumers is indeed near zero. Non-excludable means that individuals cannot be limited or prevented from accessing the product, whether they paid anything toward its cost of production or not.

Pure public goods, which perfectly reflect this combination of non-rivalry and non-excludability, are rare. Examples include things like safe streets, national security, public health[9], or clean air. But many other products have some features of public goods, and hence their viability encounters many of the same problems – termed 'market failure' – predicted by economic theory.

Because access to a public good cannot be controlled, there is a strong incentive for individuals to 'free ride' on its supply: that is, to enjoy its benefits without contributing to its cost of production. The field of public economics has investigated and devised several potential solutions to this free-rider problem. One is to publicly subsidise the production of public goods to ensure their adequate supply, paying for those subsidies through taxes levied on the whole population (which benefits from the public good). In

[9] The state of 'herd immunity', whereby a sufficient majority of a population is immune to a disease (either through past infection or from vaccination) constitutes a highly relevant example of a public good: all uninfected individuals benefit from this state, whether they were infected or immunized or not.

this manner the taxation and spending authority of government can correct the inability of private market competition to provide the public good in adequate supply.

Failure to define and enforce property rights constitutes a variant on the non-excludability problem. If an individual or firm produces something, but cannot effectively protect its property rights over that product, it cannot therefore charge consumers who use it. This undermines the viability of the activity, and will result in an undersupply of the product in question (or its ultimate disappearance altogether). This would occur even though the product is desired by consumers and enhances broader social well-being. For this reason, strengthening property rights is often advocated as one solution to the market-failures of public goods: by making non-excludable products excludable (accessible only to those who pay for it), the continued production of the product can be supported. The impunity with which digital platforms (like Google News and Facebook) have been able to violate copyright and effectively appropriate (for their own profit) news and other content produced and paid for by others, constitutes a relevant and damaging instance of this kind of market failure.

In this regard, the fundamental nature and rapidly changing economics of the media sector indicate clearly that there is a public policy interest in examining and addressing the current condition and future trajectory of the industry. First, it serves a vital public purpose, enhancing the safety, efficiency, and democracy of our society. The information which the media sector provides is a public good, in the sense that there is virtually zero additional cost to sharing that information universally. Second, the strong economies of scale evident in digitised media industries imply that without regulatory intervention, there will be a powerful tendency toward concentration: whereby production will be controlled by an increasingly small number of very large suppliers. When applied at a global level, as digital technology makes possible, these economies of scale likely imply that most content consumed by Australians will be produced outside of Australia, posing risks to domestic culture and democracy. Third, the breakdown of traditional property rights in the production and distribution of content, evidenced most glaringly by the unlicensed appropriation of content by large global digital platforms, contributes to market failure, facilitates free riding, and further damages the viability of media content production.

For all these reasons, public policy has a responsibility to address the conditions of media production in Australia, and remedy the market failures that have become more pressing in the wake of digitisation. This is not a question of government 'bailing out' a failing industry, nor of government trying to 'control' the production of news and other content. It is, rather, a recognition that conventional market processes and disciplines cannot work efficiently in the context of non-rivalrous consumption, zero marginal cost production, extreme concentration of ownership, and wanton disregard of property rights. Basic economics thus justifies, and indeed requires, active policy interventions to stabilise the viability of production and ensure that news and content do not become fully concentrated in the hands of a very small number of very large, globalised monopolists, denying fair compensation to the people and firms which produce the content. Given the vital public interest served by an effective, trusted, and authentic domestic media industry, the role of government in addressing market failure and reinforcing the industry's viability in Australia is undeniable.

Of course, the goals of trust and transparency must be protected in the course of this policy intervention – and that means ensuring the independence of journalism and content generation from government influence. But it is not just undue government influence that is the concern, given the industry's demonstrated and continuing tendency toward concentration. The influence of such concentrated ownership of domestic media also negatively impacts the nature of journalism, media and democracy in Australia. The remainder of this section considers several potential policy directions for addressing market failure and supporting high-quality media.

POLICY RECOMMENDATIONS

The crisis in Australia's media sector has diverse causes, and an even broader and further-reaching set of consequences. Digital technology has exacerbated long-standing tendencies toward concentration and globalisation of news and other content generation. Failure to enforce normal copyright and property rights has granted free rein to global digital platforms to effectively steal and profit from content produced by others. Near-zero marginal costs of sharing information over digital platforms make it very difficult for smaller, domestically-based firms and agencies to remain solvent. As a result, the vital 'public good' function played by a viable, trusted media sector is threatened. The COVID-19 pandemic and other recent crises have demonstrated that this public good function is more essential to our society than ever.

The following suite of policy recommendations addresses various dimensions of this challenging outlook for Australia's media sector. No single policy among them is a 'magic bullet' that would single-handedly solve the problem. Rather, a multi-dimensional approach is required to address the varied causes and consequences of the crisis, and broadly restore the capacity and viability of domestic journalism and information industries:

Direct Funding for Public and Community Media

The most obvious and direct way to support the viable production of a public good is through direct funding for its provision, paid for from tax revenues. This is how other public goods (including defense and emergency services, public health, culture, and others) are provided. A similar argument applies to news and other media content. Australia has long supported direct public media (including the ABC, SBS, and specialised outlets) – although that support is constantly challenged by vested interests who would prefer the media become completely controlled by a small number of private businesses with clearly conservative politics.

The independence of these public institutions must be protected fiercely, and recent controversies have reminded us of the need for that independence.[10] But Australia's experience, and that of other countries where publicly-funded journalism and broadcasting is a regular feature of the media landscape, confirms that it is possible to combine public funding with journalistic integrity. Financial support for the ABC, SBS, and other public media should thus be confirmed and expanded, and their journalistic integrity respected and affirmed through arms-length governance structures. The fiscal basis for this support can come from general tax revenues (as is the case with other public goods supported by government), possibly supplemented by targeted funds collected from companies which are profiting from the globalised digitisation of information that has so badly damaged the viability of domestic content production (including taxes from Google and Facebook, streaming services, and other digital giants).

Public Support for Other Media Production

Genuine journalism and other domestic content generation at privately-owned media businesses can also be legitimately supported with public fiscal resources, on the same policy grounds as support for public agencies: namely, the need to support the continued provision of a public good. Public resources should therefore be directed to support the domestic production of news and other media content, through arms-length granting bodies based on the demonstrated quality and merit of applications. In this regard, Australia could fund journalism in a parallel manner to its present funding of academic and scientific research, arts and culture, and other 'public good' sectors. Jurists in those agencies are meant to be selected based on knowledge and experience (although the present federal government has undermined that model through its efforts to channel funding for sports and cultural initiatives on the basis of political

[10] See, for example, Murphy and Davies (2020), on political pressure applied to the ABC by Commonwealth leaders concerned about investigative reporting of abuse accusations against government ministers.

calculations). A strong arms-length relationship must be enshrined in support for journalism.

An initial level of annual funding to support Australian journalism could be $250 million per year, allocated to various segments (including daily news, investigative journalism, features and culture, and others), and applied across all platforms (newspapers, broadcasting, and internet-based media.[11] In this case, too, funding sources could consist of both targeted fiscal measures applied to digital platforms and streaming services (discussed below) and general government revenues.

Subsidies for journalism and news production should include a mechanism for regionally targeting support for journalism in smaller and regional communities, which have been especially damaged by the centralisation of ownership and production. Many regional towns have virtually no remaining journalism capacity. Therefore, the operation of a journalism foundation should include a targeted dimension to ensure a healthy share of resources flow to regional media.

However, this is not to imply that news production in major cities does not require such supports – far from it. Even in metropolitan regions, the economics of news and other domestic content generation have been so deeply undermined, that the operation of strong newsrooms and other media capacities must also be considered in allocating these supports.

The Commonwealth government has taken some partial but important steps in this direction. Earlier in 2020 it announced the creation of a $50 million Public Interest News Gathering Program to support news operations in regional communities. Then, in its 2020-21 budget, it announced a $53 million commitment to support Australian screen productions. These measures recognise that the domestic media industry performs an essential public service, and must be supported with active public policy initiatives – especially given the pandemic and resulting recession, which pushed many firms to the breaking point. However, the scale and coverage of these programs must be expanded, to provide more significant funding to all classes of journalism and media content production.

Finally, in addition to these various methods of providing direct fiscal support for journalism and media production, another promising way to channel public financial support to media organisations would be through public procurement requirements.

[11] Proportionate to population, this is less than the annual funding for journalism and media production provided through the various public programs and subsidies in Canada (described further below). And despite the deficits associated with the COVID pandemic and resulting recession, Australia's fiscal situation (measured by ratios of deficit and debt to GDP) is stronger than Canada's.

These would ensure that government advertising expenditures are directed to domestic and/or community media outlets, rather than further patronising global digital giants.[12]

Protecting Property Rights for Content Producers

The unchallenged appropriation of news and other content by global digital platforms (and Google and Facebook, most grievously) has significantly damaged the viability of content production in Australia and elsewhere. These platforms have not been paying media content producers for the use of their output, yet they profit handsomely from the advertising revenue generated by the increased traffic stimulated by this content. Worse yet, these platforms deny responsibility for the content which they publish – pretending they are just middlemen in the transmission of information, instead of the important news and information sources they have become.[13]

In the wake of the ACCC's digital concentration review (Australian Competition and Consumer Commission, 2019), in February 2021 the Commonwealth government legislated a code of conduct (the *News Media and Digital Platforms Mandatory Bargaining Code*) requiring digital platforms to share revenues from their use of posted content, with the agencies and businesses which created that content (Hitch, 2020; ACMA, 2021). Platforms are encouraged to negotiate revenue-sharing arrangements with content providers. Failure to do so, could lead to the government formally designating their participation under the provisions of the Code; at time of writing, no platforms have yet been so designated. If designated platforms still fail to reach agreements regarding content, the arrangements could be referred for arbitration.

This represents an internationally important precedent, which the global platforms (not surprisingly) fiercely resisted. Ramping up its fight with the Commonwealth government over the measure, Facebook suddenly banned what it called 'news' from all Australian feeds – casting a net so wide that it suppressed links to government websites and emergency services information. Facebook backed down in the face of strong public condemnation (and revisions to the legislation by the government; see Meade *et al*., 2021). Now both Facebook and Google have negotiated content purchase agreements with some Australian news organisations; other talks are underway. The Code's existence (and the potential for platforms to be formally designated under it) is meant to serve as leverage, compelling platforms to reach agreements with content producers.

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[12] This idea is discussed by Brand, 2019.

[13] Of course there are many broader dimensions to the failure of these platforms to accept responsibility and oversight for transmitting false, libelous, or criminal information.

While the new bargaining code holds promise for reducing the 'free riding' currently practiced by the digital giants, and is likely to spur parallel initiatives in other countries, the current policy is inadequate. Simply requiring platforms to 'negotiate' with news providers will produce a natural focus on major media conglomerates. Smaller and regionally based news organisations do not have proportional power to negotiate with Facebook and Google over the value of the content they deliver; providing them with opportunities to bargain collectively with the platforms (as the ACCC has approved in some cases) will help. The degree of government discretion involved (including the need for platforms to be formally designated under the Code, which has not yet occurred for any platforms) could undermine its real impact. Another concern is the lack of transparency associated with the agreements that Facebook and Google reach with Australian media producers – which are generally kept confidential, undermining their value as benchmarks for other agreements, and potentially limiting their enforceability. The code also needs to be strengthened with measures to directly channel revenue sharing streams toward smaller and regional media outlets. Finally, despite the code, government itself needs to invest directly in supporting local and regional journalism (as proposed above).

So while the existing code is an important and promising innovation, additional reforms will be required to avoid unintended consequences, expand coverage (including to smaller and regional producers), and ensure that the terms of these arrangements are both publicly known and enforceable. The code should be seen as the beginning of a longer and broader process of regulating these digital giants, and protecting the public interest (Lewis, 2021; Lewis and Guiao, 2021). It is meant to be reviewed by the government after one year of operation; that review will be an important opportunity to consider ways to strengthen its effect.

Level Playing Field for Legal Accountability

Another way in which digital platforms evade the normal costs and responsibilities of genuine media organisations is through their lack of accountability for material published through their own platforms and networks. This is another way in which they target increased traffic (and hence advertising revenue) without consideration of impacts on the public's information base and access to reliable news. The platforms' irresponsibility in this regard has contributed to a widespread erosion of trust in news and information that undermines democracy and even public health.[14] An immediate and effective way to enforce a higher standard of responsibility on these platforms would be to level the playing field in defamation and liability for publishing false

[14] The unchallenged dissemination of false information regarding COVID-19 and measures to control it has clearly undermined public health responses to the pandemic, in Australia and in other countries.

information. Traditional media organisations understand their obligations in this regard very well, and devote considerable resources to fact-checking and governance structures to ensure that news is accurate. Other carriers of news should be held to the same standard. While this would not financially benefit media industries in a direct way, it would help to differentiate the service that they offer from unregulated digital platforms, and force those platforms to more actively manage their content.

Tax Incentives and Level Treatment

Australia's tax system provides an additional fruitful opportunity for supporting the work of domestic media and journalism. Many countries around the world have introduced innovative measures to provide preferential tax measures to support the viability of domestic media, and also to strengthen the incentive for customers to support domestic media.

Potential tax measures to level the playing field with global digital giants, and support the continued viability of domestic news production, include:

- *Tax support for employment of journalists*. The cost of employing journalists could be partly defrayed through an expanded or refundable tax credit, to offset perhaps 25% of wages and superannuation for professional journalists in legitimate news organisations.
- *Tax incentives for digital or print subscriptions*. Consumers who purchase subscriptions (whether print or digital) to news products should be encouraged through tax measures to continue their support for domestic content production. Subscriptions to domestic media could be made tax-deductible for personal use (they are already tax-deductible for businesses). Subscriptions could be further incented by making them GST-free.[15]
- *Tax deductibility for advertising*. Another way to channel advertising revenue toward domestic media organisations would be to allow advertising as an allowable business expense only if it is purchased through a domestic media or information provider. Other countries have implemented similar measures; they are protected from action under trade laws (which often require 'national treatment' of firms, regardless of country of origin) thanks to broad exemptions for cultural industries.

[15] GST-free (or 'zero-rated') products do not charge GST from consumers for ultimate purchase, but their suppliers are able to claim credits for GST paid on purchased inputs.

These initiatives all hold potential for stabilising and strengthening the financial foundation of domestic content generation, and should be pursued by the Commonwealth government.

Anti-Trust and Competition Regulations

The huge audience reach and economies of scale that have been captured by global platforms such as Google and Facebook are distorting the nature of market competition for digital advertising in Australia. When just two providers control such a substantial share of the digital advertising market, and when their marginal costs of additional market reach are close to zero, they can undercut the ability of other platforms to attract advertising revenue. These predatory practices would be prohibited in other sectors through the operation of normal anti-trust and competition practices; competition authorities must become more ambitious in addressing this damaging concentration of market power, too.

Australia's ACCC (2019) has considered the problem of market competition in digital advertising. While its proposals to require these digital platforms to share advertising revenue with domestic content creators are welcome and should be supported, this does not obviate the need for other applications of competition law. The market power of global digital platforms, the strategic nature of their pricing strategies, and the impact on domestic competitors should be monitored thoroughly and consistently. Then, if the negative consequences of this concentration are confirmed, they should be addressed through ambitious application of anti-monopoly measures, including initiatives to break up the market power of the platforms (perhaps by separating their Australian digital advertising operations into separate firms). The application of tax preferences (limiting the tax deductibility of advertising on non-Australian media) would also help to redress the imbalance in market power currently wielded by these global giants.

Vocational Training and Adjustment Assistance

A final policy option for facilitating a more smooth and successful adjustment to new technology and new business models in the broad media sector would be to provide more meaningful and consistent support for ongoing training, vocational education, and skills upgrading throughout the sector. The recent record of Australia's vocational training system has been abysmal: in particular, a failed experiment in privatisation and market delivery beginning in the 2000s facilitated the spread of unreliable private VET providers, and deeply damaged Australia's TAFE institutes (which were the most capable and high-quality providers of vocational training).[16] The broader media sector would benefit significantly from measures to provide access to training and upgrading (including through free TAFE programs, like those being offered in Victoria and Queensland), and facilitating the adjustment of media workers to continuing technical change and job redesign. Adequate student assistance should be provided for media workers to undertake additional training opportunities.

A Case Study of Public Support: The Canadian Experience

An interesting and relevant example of public financial support for media and content production is a set of new policies implemented recently in Canada (see Canada Department of Finance, 2020; Unifor, 2020; and Scire, 2020 for more details). Canada constitutes a media market broadly comparable to Australia, including its size, its geographic dispersion, and the challenges it faces in preserving domestic content capacity in the face of English-language content produced in much larger countries (particularly the U.S.). Since 2018, the federal government in Canada has introduced a broad and flexible spate of supports and incentives for domestic journalism and publishing content, to assist domestic content producers in confronting the challenges of concentration, digitisation, and globalisation of information. The roll-out of these measures was accelerated during the COVID-19 pandemic, in response to the urgent financial challenges facing media organisations of all kinds. The Canadian support packages include:

- The $350 million per year Canada Media Fund, providing grants to qualifying television and digital media production organisations).
- The Journalism Labour Tax Credit, which refunds to employers 25% of the wage, salary, and benefit costs of editorial employees engaged at least 75% of the time in original content production. Total value of the measure is estimated at around $100 million per year.
- The Digital News Subscription Tax Credit, which provides a non-refundable tax deduction for consumers equal to 15% of the cost of digital news subscriptions, up to $500 total cost (or a $75 credit) per person per year.
- The Local Journalism Initiative, which is allocating $50 million over 5 years, dispersed through a set of non-profit media associations, to underwrite journalism positions in smaller communities.
- Allowing media organisations to be established as eligible charities (or “qualified donees”), allowing them to raise tax-deductible support from members of the public.

[16] See Pennington (2020) for a review of the failures of these past policy experiments, and an agenda of measures to repair the damage.

- Numerous grant programs through the Canada Periodical Fund (for magazines and community newspapers) and the Canada Book Fund (for print and digital publishers).

Where relevant, arms-length panels and juries are established to receive applications for grants and determine qualifying recipients; this protects against the predictable complaint from some critics that subsidizing media and content production allows government to somehow ‘control’ the content of that journalism. For several of the programs, media outlets must also become registered as Qualified Canadian Journalism Organizations, by providing evidence of their editorial capacities and original content production. The programs for broadcasting and digital media are funded in part from revenues collected from telecommunications and internet businesses; other measures are funded from general revenues. The Canadian experience confirms that smaller and distinct media markets can indeed marshal and allocate public resources to help sustain domestic journalism, without imposing influence or ‘censorship’ over the resulting content.

Conclusion

The need of Australians for accurate, trustworthy news and other information is more important than ever. The unprecedented challenge of the COVID-19 pandemic – and other recent crises in Australian society, economy and environment – have confirmed that we need a strong and accountable domestic capacity to report news, generate content, and keep Australians informed. The combination of technological change, economic concentration, and globalisation are undermining the viability of domestic production of the news, information, and cultural content that we need to navigate the uncertain times to come. Reliance on conventional private business decisions to ensure a viable and trustworthy media industry in Australia has failed. Indeed, the private market failure evidenced by corporate concentration, near-zero marginal cost of production, and unchallenged theft of Australian content by global digital platforms is proof positive that active policy intervention is necessary to re-establish an economic foundation for a fair, sustainable, and authentic Australian media industry. The measures proposed in this paper would mark an important start in establishing a financial and policy environment in which Australians will be able to receive information, news, and other content – produced by Australians, for Australians.

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