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News in Australia: diversity and localism

International comparisons

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Contents

Executive summary	1
Key findings	1
Summary of regulatory approaches	3
About the research	4
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Background	5
Changes to the market and regulatory landscapes	5
Purpose and scope	6
Key regulatory interventions	7
Media ownership rules	7
News content quotas and local news requirements	10
Subsidies and tax concessions	12
Support for local and minority news production	13
Obligations on publicly funded broadcasters	16
Conclusion	19

Executive summary

Media diversity and the provision of local news are both long-recognised public policy objectives for the media sector in Australia. Enacted through a range of regulatory measures, these objectives help promote an open, informed and inclusive society by encouraging a plurality of viewpoints across the media landscape and preventing any one voice having disproportionate influence in public debate.

However, news media markets globally are experiencing significant structural change, driven by the rise of digital platforms, increased global connectivity and competition, and changes in the way people access and consume media. These changes are putting pressure on existing regulatory frameworks and raising questions about how governments and regulators should respond to digital news media.

This paper explores how different countries regulate for diversity and localism outcomes. The selected countries—the United Kingdom (UK), Canada, the United States (US), France and Norway— have similar media markets and overarching goals for diversity and localism, while adopting a diverging and wide range of regulatory approaches. This allows for direct comparisons to be made between Australia and comparable countries, while providing information about alternative approaches or tools that could help support diversity outcomes and local news production in the future.

This report was completed in March 2020. Other than brief Australian-based updates, it has not been further amended to address developments since March.







Key findings

- > The pressures facing Australia’s news industry are not unique—the countries we examined have experienced consolidation of media ownership coupled with an apparent decline in the levels of local news content in recent years. Most print news publications are controlled by five or less media groups within each country, and radio and television markets are also highly concentrated in terms of ownership and control.
- > There is little to no regulation of online news providers or digital platforms that are involved in news dissemination, noting this is an evolving space. Some countries have instead sought deregulation of legacy media ownership rules to support traditional media outlets in their transition to new media markets.
- > All six countries see a need for some sector-specific regulation to promote diversity and localism objectives. This analysis identified five broad categories of government intervention relied upon to promote media diversity and/or localism:
 - > **Media ownership rules:** Media ownership rules remain a common feature of news media markets, despite economic pressures on legacy media outlets. Some countries, predominantly the US, Norway and Australia, have taken steps in recent years to repeal aspects of their media ownership rules. All countries, however, carefully scrutinise proposed mergers and acquisitions between media groups, given their potential impact on society.

- > **Quotas for news content:** Content quotas can be relied upon by governments to support both localism and diversity. As a condition of broadcast licences, the UK, Australia and Canada all have some form of content quotas or other local news requirements.
- > **Support for small/minority news providers:** A range of regulatory and non-regulatory approaches—including grants and incentivisation schemes—have been used to support diversity and localism. For example, the US gives preference to minority-owned media outlets when making licensing decisions.
- > **Tax breaks and exemptions:** Some countries (UK, Norway, France and Canada) are subsidising and/or providing tax concessions to their more vulnerable media industries during the structural shifts occurring in the media market.
- > **Publicly funded broadcasters:** The provision of public service broadcasting is common in most countries and is used as a way of contributing to a diverse media sector and providing local relevant content. The UK, Australia, Canada and Norway provide financial support to public broadcasters to deliver news obligations.
- > Without clear monitoring and evaluation frameworks for assessing the effectiveness of these policies, there is no clear way of determining how effective regulation and policy has been in promoting a diversity of voices in the news media and the provision of local news. This could be an area of future focus for Australia.

Summary of regulatory approaches

Table 1: Regulatory approaches per country

	Media ownership and control rules	News content quotas and local news requirements	Subsidies and tax concessions	Support for local and diverse news production	Obligations on publicly funded broadcasters
Australia 	✓	✓	✗	✓	✓
UK 	✓ Legislated public interest test for media mergers and acquisitions	✓ Specific news content obligations on both public and commercial broadcasters	✓	✓	✓ Strengthened BBC news requirements in 2017
Canada 	✓	✓	✓ Tax breaks for journalists and tax credits for digital news subscriptions	✓	✓
US 	✓	✗	✓	✓ Regulatory focus on minority ownership, including through Incubator Program	✓
France 	✓ Strong foreign ownership restrictions and ownership limits that apply to press outlets	✗	✓	✓	✓
Norway 	✓	✗	✓ VAT 'zero rating' for both newspapers and digital news	✓ Production grants for newspapers and local broadcasters	✓

Source: ACMA analysis, as at March 2020.

Note: A tick indicates known regulatory intervention, with darker blue indicating stronger regulatory approaches. This is a subjective analysis, included to illustrate the range and scope of regulatory interventions.

About the research

News is an important source of information for Australians and plays a key role in promoting and supporting democratic processes. However, recent changes in the media environment, along with evolving consumer attitudes and consumption patterns, have been significant, changing the nature of news globally.

This report examines how diversity and localism objectives are being regulated in Australia and abroad.

As noted, this report was completed in March 2020. Other than brief Australian-based updates, it has not been further amended to address developments since March.

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Our research program—**researchacma**—underpins our work and decisions as an evidence-informed regulator. It contributes to our strategic policy development, regulatory reviews and investigations, and provides a regulatory framework that anticipates change in dynamic communications and media markets.

The desktop research conducted in this report contributes to the ‘News—transparency, distinguishability and impartiality’ project. Further details can be found in the ACMA research program 2019–20.

Background

Changes to the market and regulatory landscapes

News media markets globally are experiencing structural shifts, driven by the rise of digital platforms, increased global connectivity and competition, and changes in the way people access and consume media.

The business models of traditional broadcast and print news outlets have come under strain in the era of global digital connectivity. In addition to the arrival of new online news outlets, digital platform giants like Google and Facebook have emerged as major competitors for advertising revenue, offering personalised advertising that traditional news providers are unable to provide through print or broadcasting mediums.

However, traditional news outlets are also increasingly dependent on these platforms to build and maintain an audience. Search engines, social media platforms and digital news aggregators are key players in the distribution of news and content more broadly. Google and Facebook, for example, account for about 50 per cent of traffic to Australian news media sites.¹ Traditional news outlets generally have limited control and visibility over how their material is presented on these platforms.

The financial challenges faced by traditional news have been evidenced globally by the closure of numerous legacy outlets and declining numbers of full-time journalism positions. For example:

- > in the US, almost 1,800 local print newspapers were lost between 2004 and 2018²
- > in Canada, 260 local newspapers, online news sites, and radio and television outlets across 190 communities were lost between 2008 and 2018³
- > in the UK, the local print sector has lost approximately 200 local newspapers between 2005 and 2016⁴
- > in Australia, an estimated 3,000 journalist positions were lost between 2011 and 2017.⁵

The financial challenges to traditional news media are anticipated to continue as online audiences grow. Increasing take-up of faster data services is extending choice over how, where and when people consume news. Digital platforms, including social media, news aggregators and search engines, have become key sources of information, commentary and entertainment.

Traditional news providers are pursuing new approaches and strategies to achieve financial sustainability. This includes greater consolidation, cost-cutting and diversification. Broadcast media and print newspapers have established their presence online and are adapting their funding models accordingly. For example, to compensate for declining advertising revenue and physical sales, newspapers are pursuing a range of funding approaches such as implementing paywalls or seeking voluntary

¹ Australian Competition and Consumer Commission, [Digital Platforms Inquiry – Final Report](#), 2019, p. 297.

² Abernathy, P., [The Expanding News Desert](#), Centre for Innovation and Sustainability in Local Media, University of North Carolina, 2018, p. 10.

³ Corbett, J., and Lindgren, A., [Exploring the potential for crowdsourced spatial information to inform debate related to the changing Canadian local news landscape](#), *Spatial Knowledge and Information Canada*, 7(4), 2019.

⁴ Cox, J., [New research: Some 198 UK local newspapers have closed since 2005](#), Press Gazette, 2016.

⁵ Media, Entertainment & Arts Alliance, [Submission to the Senate Select Committee Inquiry into the Future of Public Interest Journalism](#), 2017.

contributions (*The Guardian* is one example of where a voluntary contribution model is applied).

These market developments have implications for the delivery of diversity and localism, including:

- > digital platforms, due to their prominence in the online media environment, have significant market power to affect public discourse by influencing the news people view
- > new business models, including paywalls, may limit access to news
- > the ability for outlets to fund resource-intensive journalism in the public-interest, such as investigative journalism, is in question
- > local and niche content, which targets and appeals to smaller audiences, is less likely to be financially viable
- > the extent to which digital platforms such as Facebook are supporting the production of local content that meets similar community requirements as traditional local news sources is unclear.

Purpose and scope

Following concerns raised about the decline in the production of local news and public interest journalism in the Australian Competition and Consumer Commission's (ACCC's) Digital Platforms Inquiry, it is timely for the ACMA to explore how diversity and localism objectives are being regulated in Australia and abroad.

This paper explores the regulatory frameworks of Australia, Canada, the UK, the US, France and Norway, and the extent to which they support diversity and localism. These countries were selected as they share overarching objectives for diversity and localism, while illustrating a range of regulatory approaches designed to support these outcomes.

Each of the markets assessed share some common features including:

- > mature media and communications markets
- > geographically and/or linguistically diverse populations
- > a range of regulation relating to media diversity and localism
- > a commitment to a defined (albeit sometimes vaguely) public interest mandate, where media or news diversity and localism play an important role in the media sector and for democracy
- > a concern for local journalism and local media ecologies
- > a stated awareness that digital conversion and digital media is impacting the sustainability of traditional media groups and media concentration.

However, the media markets and regulatory frameworks explored also reflect the unique culture and history of each country. This includes variations in how 'diversity' and 'localism' are conceived. Each country also has varying degrees of government intervention and different accountability systems in place.

Key regulatory interventions

To help compare international media markets, we identified five categories of policy or regulatory intervention used to promote media diversity and localism objectives:

1. media ownership rules (including specific tests for media mergers)
2. quotas for news content
3. support for local media outlets
4. tax breaks and exemptions
5. obligations on publicly funded broadcasters

Media ownership rules

Media ownership (and control) rules are the most common means through which governments regulate media diversity. These rules can take the form of regulatory limits on who can own media outlets (by factors such as geography, number, or type of medium), or mechanisms that require regulators to place greater scrutiny on proposed mergers and acquisitions between media groups. Collectively, these types of interventions are designed to encourage a competitive media environment that can provide a plurality of news media, while restricting the levels of influence able to be exerted by any one person or outlet.

Australia's media ownership and control rules are primarily based on the number of TV and radio broadcast stations that an entity can own in separate licence areas (for example, the 'one-to-a-market' or 'two-to-a-market' rule).⁶ These are supplemented by a prohibition on media mergers or other market transactions that could result in an 'unacceptable media diversity situation'; that is, where there are less than five independent media operations or groups in metropolitan areas or less than four in regional areas (the '5/4 rule').⁷ Media mergers are also subject to review by the ACCC, which assesses whether a specific media merger would result in a substantial lessening of competition in contravention of the *Competition and Consumer Act 2010*. As outlined in its Media Merger Guidelines, the ACCC can take several factors into account when undertaking this assessment, such as the diversity of media voices, impact of technological change and access to content.⁸

Looking abroad, all the countries assessed in this review have some form of media ownership rules currently in place, which vary in complexity and scope. For example, while Australia relaxed its cross-media limitations in 2017, other countries like the UK,⁹ Canada,¹⁰ and France still maintain national cross-media ownership restrictions that prevent entities from owning a mix of print and broadcast outlets in specific circumstances.

⁶ For overview, see Australian Communications and Media Authority, [Media control rules](#), 2019.

⁷ s.61AB, *Broadcasting Services Act 1992* (Cth).

⁸ Australian Competition and Consumer Commission, [Media Merger Guidelines](#), 2017, p. 1.

⁹ The UK's national cross-media ownership rule limits cross-media ownership in TV, radio and print by prohibiting 'a newspaper operator with 20% or more of the market share for print newspapers from holding a Channel 3 licence or a stake in a Channel 3 licensee that is greater than 20%, and vice versa; Ofcom, [The operation of the media ownership rules listed under Section 391 of the Communications Act 2003](#), 2018, p. 5.

¹⁰ The CRTC, 'as a general rule, will not approve applications for a change in the effective control of broadcasting undertakings that would result in the ownership or control, by one person, of a local radio station, a local television station and a local newspaper serving the same market'; Canadian Radio-television and Telecommunications Commission, [Broadcasting Public Notice CRTC 2008/4 \(Regulatory Policy: Diversity of Voices\)](#), 2008.

Foreign ownership restrictions are also a key feature of several regimes. France, for example, prevents non-EU entities from controlling more than a 20 per cent share in a radio or television broadcast entity providing services in the French language, or a 20 per cent share in a French-language newspaper.¹¹ By contrast, Australia does not have a regulated ceiling on foreign ownership of local media outlets. Instead, any foreign investments of more than five per cent must first be approved by the Foreign Investment Review Board (FIRB).¹² As an additional transparency measure, any foreign person with interests of 2.5 per cent or more in an Australian media company must also disclose their interest in a public register.¹³

Table 2 shows some of the various components of media ownership rules, showcasing key differences between countries. Notably, none of the countries in this study include online news providers in the scope of their media ownership regimes, although some regulators like the UK's Ofcom have noted it is an area for future examination.¹⁴

Table 2: Components of media ownership rules by country

	Limits on TV ownership	Limits on radio ownership	Limits on press ownership	Limits on cross-media ownership	Limits on foreign ownership
Australia	✓	✓	✗	✗	✗
UK	✓	✗	✗	✓	✗
Canada	✓	✗	✗	✓	✓
US	✓	✓	✗	✓	✓
France	✓	✓	✓	✓	✓

Source: ACMA research, based on update of comparative table in Ofcom, [Review of Media Ownership Rules](#), 2006, p. 14.

Note: Norway has been excluded from table due to a lack of information about the operations of its current media ownership rules following repeal of the Media Ownership Act in 2016.

Some countries also have public interest tests related to their media ownership rules, which apply when assessing media mergers and acquisitions. These go beyond traditional competition law considerations, requiring regulators to also consider the impacts of the proposed transaction on the diversity of the media market, with reference to sector-specific factors such as media plurality and influence.

As discussed above, competition issues in Australia are assessed by the ACCC and public interest considerations are codified in media diversity laws enforced by the ACMA. The UK has a similar two-pronged approach. Most media mergers in the UK are assessed by one of the independent competition authorities against a competition test. The *Enterprise Act 2002*, however, allows for the Secretary of State to intervene in a merger involving a broadcaster and/or a newspaper enterprise on public interest grounds if certain conditions are met. This triggers a review by Ofcom on whether the merger might result in harm to the public interest, based on an assessment of legislative considerations established under the Media Public Interest Test. This is a

¹¹ Brogi, E, Parcu, P., and Viola de Azevedo Cunha, M., [Media ownership rules in Europe: a focus on EU Member States' legislation on foreign ownership](#), 2017.

¹² The FIRB regards businesses within the media sector as 'sensitive', requiring prior approval for all holdings of at least five per cent, regardless of the value of the investment. Although there is a general presumption that foreign investment will be beneficial, the Treasurer is empowered to prohibit an investment if satisfied that it would not be in the national interest; Foreign Investment Review Board, [Australia's Foreign Investment Policy](#), 2019, pp. 4, 9.

¹³ Australian Communications and Media Authority, [Register of Foreign Owners of Media Assets](#), 2019.

¹⁴ Ofcom, [The operation of the media ownership rules listed under Section 391 of the Communications Act 2003](#), 2018, pp. 11–12.

broader examination of media diversity than what is required in Australia, and although the test has only been applied in a handful of instances,¹⁵ the application of this test in 2010 provided the catalyst for the development of Ofcom's *Measurement Framework for Media Plurality*.¹⁶

A broad test of diversity is also applied by the Canadian Radio-television and Telecommunications Commission (CRTC) when assessing mergers and other transactions that could raise cross-media ownership concerns. Since 2008, the CRTC has been required to assess the impact of editorial voices in local markets, while also taking into account the number of independently owned local media serving the market, the size and majority language of the market, and the use and ownership of new media as a source of local news and information. Like Australia, Canada's media market is considered highly concentrated.¹⁷ Importantly, however, Canada does not have a history of strong regulatory intervention in its media markets due to media companies holding a privileged position under the *Canadian Charter of Rights and Freedoms*. This is similar to the US, which focuses more heavily on general competition issues when assessing media mergers due, in part, to its Constitutional First Amendment right to freedom of speech.

By contrast, France has a strong history of regulatory interventions to protect and promote media diversity. Its broadcasting sector is regulated by the High Council for Audiovisual Communication (CSA), which is responsible for monitoring compliance of media pluralism, ensuring a diversity in the opinions expressed, a 'rigorous news treatment' and a media market reflective of the diversity in French society. It achieves this, in part, through attributing licenses and placing restrictions on the ownership and control of private sector broadcasters. The French Competition Authority oversees transparency in concentration transactions and may request opinions from the CSA on issues of media plurality when assessing media mergers. These strong media ownership protections place France in the category of 'low risk' for market plurality, according to the 2016 EU Media Pluralism Monitor.¹⁸

Ongoing developments

An important question for governments is the extent to which existing media diversity rules should be extended to apply to operators or owners of digital media, or whether they even remain relevant in a landscape characterised by an increasing abundance and consumption of online media sources and news content.

¹⁵ See, for example, Ofcom, [Public interest test on the proposed acquisition of Sky plc by Twenty-First Century Fox, Inc.](#), 2017.

¹⁶ This framework examines media plurality according to the availability, consumption and impact of news sources, as well as contextual factors relevant to the specific outlets that are being examined; [Ofcom, Measurement framework for media plurality - Ofcom's advice to the Secretary of State for Culture, Media and Sport](#), 2015.

¹⁷ For discussion, see: Mizera, N., [Where's The Outcry Over Canada's Own Shrinking Media Landscape?](#), Huffington Post Canada, 2018.

¹⁸ This survey, among other potential risks to media pluralism, examines the existence and effectiveness of transparency measures and regulatory safeguards to prevent highly concentrated media markets. In 2016, France had a risk score of 21 per cent for the 'market plurality' category, compared to 58 per cent in the UK; Vedel, T, García-Graña, G. and Durán-Becerra, T., [Media Pluralism Monitor 2016 Monitoring Risks for Media Pluralism in the EU and Beyond – Country report: France](#), 2016, pp. 6-7.

As noted above, none of the countries in this study have, to date, extended their media ownership rules to apply to digital platforms. Instead, in response to significant structural market changes, some countries have sought to repeal aspects of these rules or regulations that are no longer deemed fit-for-purpose. These reforms are intended to provide local media groups with greater flexibility to make changes to their ownership structures in response to international market pressures. Some examples include:

- > In 2016, Norway abolished standalone legislation designed to prevent excessive media concentration, shifting media monitoring functions to its Competition Authority, Konkurransetilsynet.¹⁹
- > In 2017, the Australian Government repealed the two-out-of-three rule and the 75 per cent audience reach rule, removing restrictions on cross-media ownership.²⁰
- > In 2017, the US repealed two rules relating to cross-media ownership due to the growth in the number and variety of sources of local news and information in the modern marketplace.²¹ Following a recent legal challenge, the US Court of Appeal has subsequently reversed this decision and these rules have subsequently been reinstated.²²

Some commentators have expressed concerns that these deregulatory measures could result in greater consolidation of media markets worldwide, which may reduce diversity.²³ Several countries mitigate this potential risk by requiring periodic reviews of their media ownership rules. The UK's Ofcom, for example, has a statutory requirement to review its media ownership rules every three years, and in 2018 recommended that these rules be retained 'in their current form for the time being'.²⁴ Similarly, the US Congress requires the Federal Communication Commission (FCC) to review its media ownership rules every four years to ensure the rules remain in the public interest, with the next review scheduled for 2020.²⁵

Australia, by contrast, does not have regularly scheduled reviews into its media ownership rules or broader media diversity framework.

News content quotas and local news requirements

Governments can also create mechanisms to support news diversity and localism objectives such as news content quotas, or other specific news content requirements, on specific media outlets. These types of interventions have historically only applied to radio or TV, usually as a condition of an outlet's broadcasting licence. Australia, Canada and the UK all have some form of content quotas or local news requirements.

¹⁹ Media Landscapes, [Norway – Regulatory authorities](#), 2020.

²⁰ These were the 'two-out-of-three rule', which prevented a person being in a position to control more than two of commercial radio, commercial television or newspapers in the same licence area, and the '75 per cent audience reach rule', which prevented a person being in a position to control commercial television licences whose combined licence area population exceeded 75 per cent of the population of Australia; Department of Infrastructure, Transport, Regional Development and Communications, [Updating Australia's media laws](#).

²¹ Federal Communications Commission, [FCC Broadcast Ownership Rules](#), 2020.

²² On 23 September 2019, in a 2 to 1 decision, the Third U.S. Circuit Court of Appeal noted that the FCC did not adequately consider the effect its sweeping rule changes will have on the ownership of broadcast media by women and racial minorities. Following a denied petition for a rehearing, the FCC issued an Order in December 2019 reinstating five cross-media rules; Federal Communications Commission, [DA 19-1303](#), 2019.

²³ See, for example, Dwyer, T., [Starter's gun goes off on new phase of media concentration as Nine-Fairfax lead the way](#), *The Conversation*, 2018.

²⁴ Ofcom, [The operation of the media ownership rules listed under Section 391 of the Communications Act 2003](#), 2018, p. 4.

²⁵ Federal Communications Commission, [FCC Broadcast Ownership Rules: Consumer Guide](#), 2017.

In Australia, there are minimum service standards for the provision of regional local news and information. Certain regional television broadcasters must, for example, broadcast minimum levels of ‘material of local significance’, based on a points system which incentivises the production of news that directly relates to a local area.²⁶ Regional commercial radio broadcasters must similarly broadcast prescribed levels of local content, and if subject to a ‘trigger event’, must also produce local news bulletins between 5 am and 8 pm each business day, for a total weekly duration of at least 62.5 minutes.²⁷ Although playing a considerable role in the provision of news content, public broadcasters are exempt from these requirements, due to specific content requirements in their respective codes of practices, discussed further below.

In the UK, public service TV broadcasters must meet specific quotas set by Ofcom for news and current affairs. Local commercial TV broadcasters are also required to provide local content that meets the information and content needs of local people and is relevant to their daily lives, noting that Ofcom considers news to be ‘the most important’ type of local programming.²⁸ These obligations vary by licensee, but include:

- > a reasonable provision of news and current affairs, bearing in mind the public subsidy and public purposes of local TV
- > prioritisation of journalism-led news
- > broadcasting no less than seven hours in total of news per week, with a substantial proportion during peak-time.

Local commercial radio stations in the UK are also required to broadcast a certain number of news programs and a quota of local news stories.²⁹ These must reflect the interests and concerns of listeners living in the area, be up-to-date and regularly refreshed. To ensure the news is locally relevant, syndicated UK-wide news without local information generation is not regarded as a contribution towards localness or fulfilling local news requirements.

In Canada, the objects of the *Broadcasting Act 1991* include that Canadian broadcasting system should be ‘be drawn from local, regional, national and international sources.’³⁰ The *Broadcasting Regulatory Policy CRTC 2016-224* specifies the minimum level of local news to be broadcast, as well as allocating a percentage of their previous year’s revenues to such programming.³¹

Ongoing developments

There are increasing calls for digital platforms to be subject to news quotas or targets in order to surface high-quality or public-interest news in people’s social media feeds or news aggregation services.³² This was discussed in the UK’s Cairncross Review, but did not form the basis of a recommendation to government.³³

²⁶ ss.43AA, 43AB, *Broadcasting Services Act 1992*.

²⁷ ss. 61CD, 61CE, *Broadcasting Services Act 1992* as amended by the *Broadcasting Services Amendment (Regional Commercial Radio and Other Measures) Act 2020*.

²⁸ Ofcom, [Local Television Network: Variation Requests on behalf of 17 local TV licensees: Proposed change to programming commitment](#), 2019, p. 10.

²⁹ Ofcom, [Localness guidelines](#), 2019

³⁰ s 3(1)(ii), *Broadcasting Act 1991* [Canada].

³¹ Canadian Radio-television and Telecommunications Commission, [Broadcasting Regulatory Policy CRTC 2017-224](#), 2016.

³² See, for example: Tracy, M., [Google Says a Change in Its Algorithm Will Highlight ‘Original Reporting’](#), *The New York Times*, 2019.

³³ Cairncross, F., [The Cairncross Review: A Sustainable Future for Journalism](#), 2019, pp. 35–36.

Subsidies and tax concessions

Subsidies and tax concessions are tools governments can use to encourage business investment, incentivising or relieving the burden of producing news. Most countries examined in this paper have introduced subsidies or tax concessions to relieve some of the financial pressure traditional media industries (particularly print journalism) are facing as advertising revenue shifts to digital platforms. These measures may encourage greater diversity in traditional media markets by lowering operating costs for market players and thereby supporting their ongoing operation and contribution to the media environment.

Australia has not implemented direct subsidies or tax concessions to date. Australian commercial broadcasters were, however, provided financial relief through the abolishment of commercial television and radio licence fees in 2017. This was in recognition that, with the move to online and on-demand content, 'the imposition of fees and charges on commercial broadcasters is no longer warranted or sustainable, particularly as their competitors face no such fees'.³⁴ The US is the only other country considered within this analysis that has not introduced tax concessions or subsidy measures for the news media industry on a national scale, though some state-based measures exist.³⁵

Of the examined countries that do provide subsidies to support news media industries, this is most commonly implemented through tax concessions in the form of exemptions to, or reduced, value added tax (VAT) rates. Examples include:

- > In the UK, physical (and potentially digital)³⁶ newspapers are 'zero rated' or exempt from VAT³⁷
- > In France, newspapers and magazines are supported through income tax breaks and reduced VAT rates, in addition to preferential postal and telecommunications tariffs.³⁸
- > In Norway, newspapers, periodicals and electronic news media have a 'zero rating' for VAT, meaning that if they meet certain conditions, they are exempt from paying VAT. Newspapers are entitled to a zero rating if they, among other things, inform the public about news and current affairs domestically and internationally and are published at least weekly. Newspapers must also provide relevant news content, that is 'information of general public interest, such as politics, economics, and cultural matters'.³⁹

Ongoing developments

The ACCC's Digital Platform Inquiry examined whether tax offsets or tax deductions for publication subscriptions could address the under-provision of particular types of public-benefit journalism, but ultimately found that these measures 'are not the most

³⁴ Australian Parliament, [Explanatory Memorandum to the Broadcasting Legislation Amendment \(Broadcasting Reform\) Bill 2017](#), p. 6.

³⁵ See, for example, [Connecticut](#), [Pennsylvania](#), [Rhode Island](#) and [Virginia](#).

³⁶ On 24 December 2019, the UK 'Upper Tribunal' overruled a previous decision of HM Revenue & Customs (HMRC) concerning digital newspapers, ruling that they are 'newspapers' for VAT purposes and therefore should also be zero-rated; [News Corp UK and Ireland Ltd v The Commissioners for HM Revenue and Customs \[2019\] UKUT 0404 \(TCC\)](#). HMRC has subsequently issued a brief to confirm its policy has not changed and that it will appeal this decision to the Court of Appeal; HM Revenue & Customs, [Revenue and Customs Brief 1 \(2020\): VAT liability of digital publications - Upper Tribunal in News Corp and Ireland Ltd](#), 2020.

³⁷ HM Revenue & Customs, [Zero rating books and printed matter \(VAT Notice 701/10\)](#), 2016.

³⁸ Avalara, [French VAT rates and VAT Compliance](#), 2020; Foster, R. and Bunting, M., [Public funding of high-quality journalism: A report for the ACCC](#), 2019, p. 41.

³⁹ Regjeringen (Government of Norway), [Notification VAT zero rating for electronic news services](#), 2015, p. 5.

effective or efficient ways to address the risk of under-provision of particular types of journalism.⁴⁰ The Australian Government's response to the Digital Platforms Inquiry confirmed that it will not be making further changes to taxation settings to support public interest journalism at this time.⁴¹

In their 2019 budget, the Canadian Government announced a \$595 million tax package over five years to support Canadian journalism and the media market.⁴² This package provided:

- > qualifying news organisations with a 25 per cent refundable tax credit to offset labour costs associated with producing original content
- > non-profit Canadian journalism organisations with charitable status for tax purposes, permitting them to issue receipts for donations
- > all Canadians with an eligible digital news subscription are granted an annual tax credit of 15 per cent of the subscription purchase price until 2025.⁴³

New forms of tax relief are also being considered by the UK—and unlike most measures implemented to date, these may focus on the online news market. The UK's Cairncross Review recommended that the government:

- > introduce new tax reliefs aimed at encouraging payments for online news content and the provision of local and investigative journalism
- > extend the zero-rating of VAT to digital newspapers and magazines, including digital-only news publications, stating that the present arrangement discourages publishers from developing online payment mechanisms
- > prioritise exploring the development of tax relief to support public-interest journalism.⁴⁴

The UK Government's response to the Cairncross Review indicates that they will consider the case for a range of potential tax incentives to support the news publishing industry later this year.⁴⁵

Support for local and minority news production

Several countries analysed have implemented schemes or programs to provide targeted support for local news production or minority voices within the media market. These measures reflect awareness of the financial challenges of producing news and content that appeals to smaller market segments.

Some schemes take the form of direct financial support. Australia, for example, has introduced the Regional and Small Publishers Innovation Fund. This is a competitive grants program that provides up to \$16 million in grants over three years and is designed to support regional and small publishers to transition and compete more successfully in the evolving media environment.⁴⁶ Similarly, the Regional and Small Publishers Cadetship Program provides financial assistance for up to 200 new

⁴⁰ Australian Competition and Consumer Commission, [Digital Platforms Inquiry – Final Report](#), 2019, p. 20.

⁴¹ Australian Government, [Regulating in the digital age: Government Response and Implementation Roadmap for the Digital Platforms Inquiry](#), 2019, p. 10.

⁴² Government of Canada, [Budget 2019 Tax Measures: Supplementary Information](#), 2019.

⁴³ Broadcasting and Telecommunications Legislative Review Panel, [Canada's Communications Future: Time to Act – Final Report](#), 2020, p. 156.

⁴⁴ Cairncross, F., [The Cairncross Review: A Sustainable Future for Journalism](#), 2019, p. 11.

⁴⁵ Department for Digital, Culture, Media & Sport, [Government response to the Cairncross Review: a sustainable future for journalism](#), 2020.

⁴⁶ Department of Infrastructure, Transport, Regional Development and Communications, [Regional and Small Publishers Innovation Package](#), 2020.

cadetships to drive employment opportunities in regional media and help journalists to provide informative and compelling regional news.⁴⁷

Norway also provides direct grants to support news and current affairs, as well as media that targets small local markets or that provides alternative viewpoints to leading media market players. The grants, which are managed by the Norwegian Media Authority, include:

- > a production grant for newspapers—production grants have the aim of maintaining a diversity of newspapers. The grant is awarded on the number of editions distributed. There are four direct production grant schemes for the press sector—for newspapers, for Sami newspapers, for minority-language publications, and for weekly and monthly niche publications.⁴⁸
- > a project grant for local broadcasting—like the production grant for newspapers, this grant aims to support high quality news and journalism and a financially viable local broadcasting industry.⁴⁹
- > distribution aid for newspapers that are published in the remote county of Finnmark, covering the additional costs associated with distribution among a sparse population across vast distances.⁵⁰

To support Canadian journalism, and to help private, independent television stations meet new minimum thresholds for local news, the CRCT established an Independent Local News Fund (ILNF) in 2017. The ILNF is funded through contributions from cable and satellite TV providers, consisting of a percentage of their gross annual revenue from broadcasting activities.⁵¹

In the US, the FCC takes a different approach, supporting minority news production indirectly through ownership arrangements that encourage the prevalence of minority voices in news media. This is reflected in the *Communications Act 1934*, which requires the FCC to promote economic opportunities for, among others, 'businesses owned by members of minority groups and women'.⁵² In line with this objective for a diversification in media ownership, preference is granted to any group controlled by a member or members of a minority group in the selection for licenses or construction permits for any media of mass communications.⁵³

In 2018, as part of its broader media reforms, the FCC also established an Incubator Program, which aimed to support the entry of new and diverse voices into the broadcast industry.⁵⁴ This program waived a broadcast radio ownership rule for broadcasters that helped facilitate station ownership for a certain class of owners. The program also provided financial and operational support, including training and

⁴⁷ Department of Infrastructure, Transport, Regional Development and Communications, [Regional and Small Publishers Cadetships Program](#), 2018. It is further noted that in early 2020, the government established the Public Interest News Gathering (PING) program to support public interest journalism delivered by commercial television, newspaper and radio businesses in regional Australia. Department of Infrastructure, Transport, Regional Development and Communications, [Supporting public interest journalism](#), 24 April 2020.

⁴⁸ Regjeringen (Government of Norway), [Notification VAT zero rating for electronic news services](#), 2015, p. 4.

⁴⁹ *ibid*, p. 35.

⁵⁰ *ibid*, p. 35.

⁵¹ The ILNF received \$22m in 2019; Canadian Radio-television and Telecommunications Commission, [Communications Monitoring Report](#), 2019, p. 212.

⁵² s. 309 [47 U.S.C. 309], (j)(3)(B), [The Communications Act of 1934](#) [US].

⁵³ s. 309 [47 U.S.C. 309], (i)(3)(A), [The Communications Act of 1934](#) [US].

⁵⁴ Federal Communications Commission, [FCC Establishes Incubator Program to Increase Broadcaster Diversity](#), 2018.

mentoring, to a new or small radio broadcasters. Following the court's reversal of these reforms, this program is currently not in effect.⁵⁵

Journalism initiatives of the digital platforms

In addition to direct government measures or regulatory intervention, there are several private initiatives currently underway to support journalism and local news production. Many of these initiatives have been developed in partnership with, or directly funded by, the global digital platform giants Google and Facebook.

The Google News Initiative (GNI), which first launched in Europe in 2015 as the Digital News Initiative, has expanded to a US\$300 million program to provide funding, tools and training to support local news production worldwide. As part of this program, Google launched 'GNI Innovation Challenges' for media outlets in the Asia-Pacific, Middle East and Africa, Latin America and North America. In Australia, this resulted in new funding for outlets like Crikey, Mamamia and Women's Agenda. A second round of funding is currently open for North American outlets, with a focus on 'projects that generate growth and diversification of revenue for local media who elevate underrepresented audiences and promote diversity, equity and inclusion within their journalism'.⁵⁶

In early 2019, as part of its Facebook Journalism Project, Facebook similarly announced a three-year, US\$300 million investment in news programs, partnerships and content to support local news and local news outlets. Building on existing pilots, this included a 'Community News Project' to recruit trainee community journalists in the UK and embed them in local newsrooms, and a global expansion of its Local News Accelerator program to help local newsrooms develop subscription and membership models.⁵⁷ Through this program, in partnership with the Walkley Foundation, Facebook is investing AUD\$5 million in the Australian news ecosystem, including funding for news organisations.⁵⁸

Separately, Facebook has also rolled out a standalone local news and community information tab for regional users of its service in the US and Australia. At present, Facebook's 'Today In' feature is available for 6,000 cities or towns in the US, and 10 cities in Australia. In August 2019, Facebook further announced a deal with seven Australian news publishers to provide exclusive video content on Facebook Watch, mirroring an existing partnership model used in the US.⁵⁹

Collectively, Google and Facebook are now two of the biggest funders of journalism in the world.⁶⁰ While this level of funding can help relieve some of the pressure on governments to roll out public programs in support of local journalism, consideration should also be given to the growing level of influence that digital platforms are able to exert on local media markets through such programs.

Ongoing developments

In response to the ACCC's Digital Platforms Inquiry, the Australian Government committed to enhance the Regional and Small Publishers Jobs and Innovation

⁵⁵ Federal Communications Commission, [Broadcast Radio Incubator Program](#), 2019.

⁵⁶ Google, [GNI Innovation Challenges](#), 2020.

⁵⁷ Brown, C., [Doing More to Support Local News](#), *Facebook Journalism Project*, 2019.

⁵⁸ Hunter, A., [Facebook Announces Walkley Foundation Partnership to Support Australian News](#), 2019.

⁵⁹ Hunter, A., [Facebook partners with Australian news publishers to fund news shows on Facebook Watch](#), 2019.

⁶⁰ Ingram, M., [The platform patrons: How Facebook and Google became two of the biggest funders of journalism in the world](#), *Columbia Journalism Review*, 2018.

Package to better support the production of high-quality news, particularly in regional and remote areas of Australia, with a focus on public interest journalism that is at greatest risk of being under-provided.⁶¹ This work is due to commence in 2020.

The UK has introduced additional measures to support local journalism and enhance diversity, which bear some similarities to the Australian scheme. Innovation foundation Nesta, in partnership with the Department for Digital, Culture, Media and Sport, established a Future News Pilot Fund to provide grants of between £20,000 to £100,000 to test new approaches to public interest news.⁶² Applications closed on 8 December 2019, and are due to be announced in Q1 2020.

In addition, the UK's Cairncross Review recommended that direct financial support for local news should be expanded, including through the refinement and extension of the Local Democracy Reporting Service (LDRS), a public service news agency funded by the BBC.⁶³ The UK Government was supportive of this recommendation, accepting that additional funding would assist in the provision of 'public interest' news, and calling on the BBC to broaden the scope of its planned 2020 review to consider how the LDRS could best be expanded.⁶⁴

New funding arrangements to support local news are also currently being considered in Canada. In January 2020, the Canadian Broadcasting & Telecommunications Legislative Review Panel (BTLRP) released the *Canada's Communications Future: Time to Act* report. Among its many recommendations, the BTLRP proposed a new, independent arm's-length program to support the production of local news on all platforms, funded through a redirection or reconsideration of existing levies on media aggregation, media sharing and broadcasting.⁶⁵

Obligations on publicly funded broadcasters

A key mission of public broadcasting is to provide citizens with information, discussion and entertainment to help build community identity and enable participation in public life. Public service broadcasters usually aim to be widely geographically accessible and to appeal across population segments, including minority groups. These objectives mean that public broadcasters generally contribute to an increased level of diversity in the media environment. As these services are often non-commercial, however, measurements of media diversity often exclude public service broadcasters.

The provision of public service broadcasting is common across the countries considered for this paper. In particular, the public broadcasters in Australia (ABC and SBS), the UK (BBC), Canada (CBC/Radio Canada) and Norway (NRK) are considered major contributors to news output in their respective countries.

In Australia, the ABC is the primary national public broadcaster. The ABC's Charter outlines the ABC's functions, including its role of providing broadcasting programs that 'contribute to a sense of national identity and inform and entertain, and reflect the cultural diversity of, the Australian community.'⁶⁶ While the Charter does not detail a specific role for the ABC in producing broadcast news about rural and regional

⁶¹ Australian Government, [Regulating in the digital age: Government Response and Implementation Roadmap for the Digital Platforms Inquiry](#), 2019, p. 9.

⁶² Nesta, [Future News Pilot Fund](#), 2020.

⁶³ Cairncross, F., [The Cairncross Review: A Sustainable Future for Journalism](#), 2019, p. 11.

⁶⁴ Department for Digital, Culture, Media & Sport, [Government response to the Cairncross Review: a sustainable future for journalism](#), 2020.

⁶⁵ Recommendation 71; Broadcasting and Telecommunications Legislative Review Panel, [Canada's Communications Future: Time to Act – Final Report](#), 2020, p. 157.

⁶⁶ <https://about.abc.net.au/how-the-abc-is-run/what-guides-us/legislative-framework/>

Australia or specify content quotas,⁶⁷ the ABC has a legislative requirement to operate a daily, independent service for the broadcasting of news and information relating to current events both within and outside Australia.⁶⁸ The ABC is supplemented by Australia's multicultural and multilingual public broadcaster, the Special Broadcasting Service (SBS). In performing this function, SBS must 'reflect the changing nature of Australian society, by presenting many points of view and using innovative forms of expression.'⁶⁹

The term 'public service broadcasting' in the UK is broader than in Australia, referring to all broadcasting services that must adhere to public interest obligations and are intended for public benefit, rather than serving purely commercial interests. This includes the BBC (BBC One, BBC Two), the Channel 3 services (ITV and STV), and Channel 4 and Channel 5, all of which are required to provide levels of news and local programming, and most of which also provide national and local radio services. While the BBC is entirely publicly funded through TV licence fees, the remaining public service broadcasters are advertiser-supported, but receive public benefits through free access to spectrum and prominence on electronic programme guides (menu-based systems that provide users with scheduling for broadcast programming).⁷⁰ The BBC is also subject to formal content quotas for news and current affairs, which were strengthened in 2017 as part of changes to the BBC's operating licence.⁷¹ Further, S4C and BBC Alba in the UK have a specific remit to support indigenous languages in Wales and Scotland, and to provide local news content in those languages.⁷²

Initiatives by public broadcasters

In response to declining local news production, some public broadcasters have established their own initiatives to help fund and improve local journalism. In 2016, for example, the BBC established the Local Democracy Reporting Service (LDRS), a public service news agency seeking to provide impartial local coverage of the workings of local authorities and other relevant democratic institutions in the UK.⁷³ As stated on the BBC's website, the LDRS was created to 'help fill a gap in the reporting of local democracy issues across the UK', and has subsequently created 150 new journalism jobs.⁷⁴

In Canada, the national public broadcaster (the CBC), aims to 'ensure that Canada's broadcasting system provides content that meets the needs and interests of Canadians' including by ensuring access to high-quality local news, encouraging linguistic duality (English and French) and supporting indigenous people through the Native Broadcasting Policy and by licensing the Aboriginal Peoples Television Network.⁷⁵ Unlike the ABC in Australia or the BBC in the UK, CBC services are supported by advertising. Canadian public broadcasting also has one of the lowest

⁶⁷ However, a Bill before Parliament would amend the ABC Charter, to require the ABC to broadcast programs that contribute to a sense of regional and national identity, and inform and entertain, and reflect the geographic and cultural diversity of, the Australian community; [Australian Broadcasting Corporation Amendment \(Rural and Regional Measures\) Bill 2019](#).

⁶⁸ s. 27(1)(2), *Australian Broadcasting Corporation Act 1983*.

⁶⁹ <https://www.sbs.com.au/aboutus/corporate>

⁷⁰ Ofcom, [Public Service Broadcasting in the Digital Age](#), 2018, p. 4.

⁷¹ Ofcom, [Operating licence for the BBC's UK Public Services – Summary of regulatory conditions](#), 2017.

⁷² Ofcom, [Public Service Broadcasting in the Digital Age](#), 2018, p. 4.

⁷³ BBC, [Local Democracy Reporting Service: Principles of Operation](#)

⁷⁴ BBC, [Local Democracy Reporting Service](#), 2019.

⁷⁵ Canadian Radio-television and Telecommunications Commission, [Broadcasting Decision CRTC 2013-263 and Broadcasting Orders CRTC 2013-264 and 2013-265](#), 2013.

rates of public funding on a per-capita basis in the OECD, behind only New Zealand and the US.⁷⁶

Ongoing developments

In countries with robust public service broadcasting systems, such as Australia, UK, Norway and Canada, there have been complaints from some commercial media groups that public broadcasters' provision of free online news services has the potential to limit commercial media's ability to compete in the digital market.⁷⁷

None of the countries reviewed to date appear to have taken direct action to limit public broadcasters competing in the market against commercial news providers. In December 2018, Australia released the findings of an Inquiry into the Competitive Neutrality of National Broadcasters, which found that the national broadcasters were not causing significant competitive distortions beyond the public interest.⁷⁸ Similarly, a 2018 review from the Norwegian Media Authority found that the national public broadcaster, the NRK, positively contributed to media diversity by providing regional news, and that reducing the NRK's funding would not make the commercial media more competitive and may weaken rather than strengthen overall media diversity.⁷⁹

The recent review into the Canadian communications has recommended expanding the mandate of CBC/Radio-Canada to explicitly require the provision of national, regional and local news, and has called for the removal of advertising from news content and a revised funding model based more heavily on direct parliamentary appropriations.⁸⁰

⁷⁶ Excluding any commercial revenue, Canada spent approximately CAD\$29 per capita on public service broadcasting in 2016. This compares to \$4 in the US, \$55 in Australia, \$73 in France, \$105 in the UK, and \$166 in Norway; Broadcasting and Telecommunications Legislative Review Panel, [Canada's Communications Future: Time to Act – Final Report](#), 2020, p. 168.

⁷⁷ See, for example; News Corp Australia, [Submission to Inquiry into the Competitive Neutrality of the National Broadcasters](#), 2018, pp. 5–8.

⁷⁸ Department of Communications and the Arts, [Inquiry into the Competitive Neutrality of the National Broadcasters—report by the Expert Panel](#), 2018.

⁷⁹ Medietilsynet (Norwegian Media Authority), [NKR Role for Media Diversity](#), 2018.

⁸⁰ See recommendations 80 and 81, Broadcasting and Telecommunications Legislative Review Panel, [Canada's Communications Future: Time to Act – Final Report](#), 2020, pp. 163-169.

Conclusion

Most of the countries assessed reference the importance of having both a diverse media sector with multiple media providers across platforms, as well as a plurality of local news providers and local news content. Many similarities exist between the policies and regulation that aim to promote news diversity and localism in each of the countries in this review, with minor differences in the types of interventions that have been adopted.

However, despite the apparent recognition of the need for continued regulatory intervention, few initiatives to date appear to have successfully reversed the trends of increasing consolidation within the media sector, and financial pressure on the production of local news. It is also worth recognising that there has been a general trend towards deregulation of the media industry across the examined countries, contrasted with limited current regulation of online news media providers. The regulation of the online environments is, however, an area of increasing interest for many countries, particularly for digital platforms and their role in the distribution of news and current affairs.

It is also difficult to quantify the impact of these regulatory interventions, as at the time this research was conducted in March 2020, most countries do not seek to systematically measure and monitor levels of media diversity or localism, with the notable exception of the UK's Measurement Framework for Media Plurality and the broader EU Media Pluralism Monitor. As such, there remains some uncertainty as to the effect of regulatory interventions on the promotion of diversity and localism objectives, particularly in countries like Australia where there are no existing reviews of media diversity laws.