



PRE-BUDGET SUBMISSION 2023-24

Submission by the Local & Independent News Association
to the Australian Treasury

“The availability of a wide range of high-quality news and journalism provides **significant benefits to Australian society** and is **important for the healthy functioning of democracy**... Journalism provides **significant and unique benefits** to individuals who consume it, and to society more broadly.”

- Australian Competition and Consumer Commission, Digital Platforms Inquiry Final Report, 2019

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We have never had so much information and yet we have never been **so ill-informed.**

– Alan Sunderland, *The Ten Rules of Reporting*, 2022

This submission is made on behalf of LINA's membership following consultation and broad discussion of priority issues and barriers. Some members may make individual submissions in which case the LINA submission should not be taken to displace those submissions.

EXECUTIVE SUMMARY

The Local & Independent News Association (LINA) seeks funding from the Commonwealth to support a growing digital news publishing sector emerging in response to evolving technology, media plurality and news desert concerns in Australia. LINA supports diversity and localism in the media landscape by focusing its activities and programs on hyperlocal and independent newsrooms generally operating as small businesses providing news services to local communities.

This submission provides background on LINA’s work in the context of Australia and globally as governments and industry around the world adapt to changing news and information models. It suggests a range of support programs to strengthen public interest journalism; build capacity amongst news publishers; and facilitate networking and economies of scale in IT and business services across professionally isolated publishers. **LINA requests a core funding allocation of \$1.66m in 2023-24, \$2.25m in 2024-25 and \$2.25m in 2025-26** to undertake this work with program details and expected impacts detailed throughout this submission. Government investment will be complemented by self-generated revenue and a developing philanthropic support program.

In addition, LINA suggests a range of complementary policy interventions to improve news publisher sustainability and a start-up program to establish emerging news publishers for the Commonwealth’s consideration. LINA makes this submission at a time when the COVID-19 pandemic and increasing extreme weather events have highlighted the role of localised media services in community safety and resilience. In 2023, we are at a critical juncture for news and information in Australia and require government support to turn the tide on shrinking local news reporting. LINA makes this submission with a view to growing industry sustainability and its own capacity to attract new revenue streams but requires government investment to expedite growth in public interest journalism.

Case Study: Murray Bridge News

“The Public Interest Journalism Initiative has taken a look at Murray Bridge, SA – my patch! – for its Australian News Sampling Project, analysing how much public interest journalism local publishers produce and how local their stories are. For this analysis, PIJI looked at four publishers: ABC Adelaide, ABC Riverland, the ACM-owned Murray Valley Standard and my own independent Murray Bridge News. Here’s how we went...

- Murray Bridge News produced the **highest percentage of public interest journalism** of the four orgs (95%). We published slightly fewer stories than the Standard (87-77), but more unique ones about crime and public services, and a similar number about government and community.
- Murray Bridge News also had the **highest percentage of local stories** (95%) and stories local to the Murray Bridge district in particular (88%).
- We included the **lowest percentage of content syndicated from elsewhere** too (0%).

When we talk about creating community, empowering people, being positive, being local, this is the stuff we’re talking about. But it’s great to have all that talk backed up by data.”

– Peri Strathearn, Managing Editor, Murray Bridge News (LINA member, pictured here with staff team)



INTRODUCTION

About the Local & Independent News Association

The Local & Independent News Association (LINA) is a national industry association supporting hyperlocal and independent digital news publishers. Its job is to help news publishers increase the diversity and relevance of news services in communities across Australia. It seeks to grow existing, and encourage new, hyperlocal media entrants by providing capacity building support, expert advice, and access to critical third-party services, providing a deep level of hands-on support to its members.

LINA was established in 2021 in response to industry demand for representation and coordination to assist small digital publishers to build their sustainability and provide quality public interest news services to their communities. With guidance from an industry-based advisory group, a foundational Board was formed and a membership framework established, including [editorial standards](#).

The organisation began welcoming members in September 2022. As at 11th January 2023 it has 43 publishers in the group, representing 70 mastheads across every jurisdiction. Within the first few months of inviting membership applications, LINA has grown to represent almost half of the estimated 100 digital-native hyperlocal publishers identified as potentially eligible for membership in December 2022. LINA's [membership base](#) is growing weekly with increasing awareness, particularly among emerging newsrooms who can benefit from its member service offering.

About our members

LINA members are locally owned and controlled news publishers, creating high-quality news content that meets the LINA Editorial Standards, by and for a defined community. While publishers might also have a print publication and/or other distribution platforms, LINA members are digital-native and our member services focus on strengthening online news distribution and responding to audience demand in digital spaces. LINA membership is open to all digital news publishers who meet our membership requirements, however most of our services are tailored to growing small businesses with the majority of LINA members having an annual income less than \$350k and operating with fewer than 5 staff.

The role of the association is to help news publishers provide local, diverse, and trusted news to Australian communities, and to grow workforce participation in sustainable local journalism in the process. To do this, we focus on capacity-building support and generating economies of scale across a collective of independent businesses.

LINA is an incorporated, Australian Charities Not-for-profit Commission (ACNC) registered charity, not-for-profit association with an independent Board of seven Directors. Its work is supported by a broad range of industry partnerships, by establishment funding from the Judith Neilson Institute for Journalism and Ideas (to March 2023), and by operational support from the Community Broadcasting Association of Australia to increase economies of scale across the media industry. While LINA draws limited income from its membership and is establishing a philanthropic partners network, it currently has no operational funding secured beyond June 2023.

LINA MEMBER SNAPSHOT:

43 publishers

70 mastheads

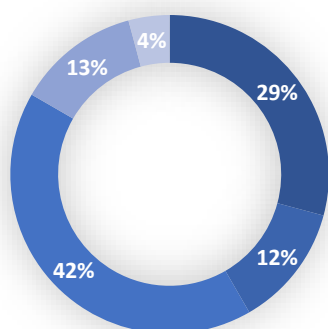
Organisational snapshot:

- Average annual income 2021-22: \$320k
- Average number of paid staff: 5
- Average paid staff FTE: 3
- Average number of volunteers: 6

Audience reach snapshot: *As at 12 January, 2023

- 611,603 collective social media followers (14,917 average)
- Approx. 4,865,622 collective website views per month, 113,154 average site visits.
- 21 LINA members distribute an average of 20,029 print copies per month (approx. 400,552 total print reach)

Annual income distribution



- Under \$50,000
- Over \$50-\$100k
- Over \$100-\$500k
- Over \$500,000
- Over 1 million

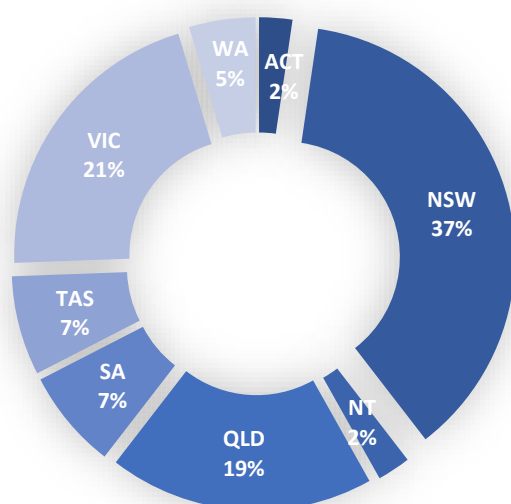
Average LINA member income 2021-22 = \$320,281



“Manly Observer is a hyperlocal news service covering the Northern Beaches in Sydney. Our number one aim is to keep the fourth estate alive and lower Northern Beaches residents **informed and connected**. We endeavour to be as direct and as clear as we can, with a fair and non-sensationalist approach to reporting. It is **run by locals for locals.**”

– Kim Smee, publisher (pictured above)
(LINA member)

National Representation



About the local news environment

Australian context

Nearly 300 Australian newsrooms have downsized or, more often, closed completely since January 2019, offset by only 166 expansions leaving a net loss of 127 local newsrooms across Australia over the past three years. At least 30 areas across Australia are now considered to be news deserts with no local print or digital outlet at all (Dickson, 2022).

Conversely, around 20% of hyperlocal newsrooms have launched in the past three years (Bones, 2021), demonstrating an encouraging rate of growth in response to an audience shift to digital news consumption over decades. Twenty-six per cent of Australian news consumers now source their news content online, with a further 19% citing social media as their primary source of news. This total of 45% online news sources compares with 42% television, 6% radio and 6% print for primary news sources. (Hughes, 2022). Online news sources overtook television as the main source of news in Australia in 2020 (Roy Morgan, 2020).

These changes have occurred at a time when a need for very localised information was highlighted by the pandemic and by increasing extreme weather events challenging community resilience and safety. We need global information, but we also need information that is relevant to our local environment, eg. information about local developments, local road, local crime, local schools and medical services (Sunderland, 2022). LINA members are well placed to provide timely and locally specific information to communities in times of crisis, with valuable local knowledge.

In the wake of local newsroom closures, community members have stepped up, establishing news services to meet a need for locally relevant news. In this way, **hyperlocal publishers most commonly originate to fill a gap in local news coverage and/or to provide free access to local news when paywalls are introduced by other media outlets.**

LINA views its members as the 'green shoots' of the news industry. It seeks to curb the trends of media concentration and syndication that have been growing concerns for Government and communities. Australia is ranked as the 10th most concentrated media market in the world (Brevini and Ward 2021, Standford 2021), an issue highlighted by elected representatives from all political persuasions.

Excerpts from the Senate Environment and Communications References Committee, Media Diversity in Australia report, Commonwealth of Australia, December 2021:

- It is widely recognised that Australia has one of the most concentrated media markets in the world. While it was hoped that the rise of the internet would democratise access to information, the business model that underpins public interest journalism is coming under great stress in the internet age...The concentration of media ownership is inherently corrosive of democratic practice.
- Public interest journalism is essential to a democracy. Active citizenship requires access to reliable information, and democracy cannot flourish without a diversity of media sources and a regulatory regime that protects consumers against the spread of misinformation.
- Media diversity can be supported by devising new forms of finance for independent ventures in public interest journalism. The committee supports increased public funding of start-up media engaged in public interest journalism. This could include both direct grants administered by an authority separate from the government of the day, and assistance through the taxation system.

Correlations between a healthy media sector and a strong democracy are well established in academic literature. The Commonwealth has attempted to curb this trend through a variety of policy levers in recent years, including;

- Creating the Regional and Small Publishers Innovation Fund;
- Developing the News Media and Digital Platforms Mandatory Bargaining Code;
- The Public Interest News Gathering fund;
- Tax relief measures for the commercial broadcasting sector; and, more recently,
- A print relief assistance program for print newspapers.

67% of Australians want more local news, higher than the global average (60%)

– Sora Park, Digital News Report 2022

With varying levels of success and engagement, these actions have provided one-off funding injections, predominantly to large news corporations. Hyperlocal and independent publishers have been overlooked in the eligibility requirements for some of these programs and have faced capacity barriers to effectively engaging with others.

Meanwhile, diverse voices and regional audiences remain underserved. Mainstream media continues to consolidate, syndicate and/or remove regional services while under-representing Australia’s diverse communities.

However, “when it comes to local, community-based journalism, a quiet revolution is under way” (Sunderland, 2022). A growing hyperlocal and independent news sector exists and is well placed to address the news and information needs of local communities, strengthen Australia’s democracy, reduce the spread of misinformation and disinformation, and build community. LINA supports these, and other emerging news start-ups, to increase media plurality and diversify news sources for Australian communities.

Government support is required to turn the tide of newsroom closures in Australia. Hyperlocal news publishers are typically very small businesses with 35% operating with a staff of 2 or less people and 16% operating with no paid staff, entirely volunteer supported (Bones, 2021). And yet, there are some fantastic examples of digital newsroom success and hyperlocal publishers pollinating stories in the national news landscape. The success of Region Media, for example, demonstrates the potential for a self-sustaining industry with support at this critical phase. Local business advertising is the primary source of income for hyperlocal publishers.



The background to the Digital News Report findings on news is: “Tell me what’s happening in my community among my friends and neighbours. **Give me the human story about the people in my street.** While a small group of people have multiple online news subscriptions and an emotional attachment to print, paywalls are not the answer when free news is now a worldwide benchmark.”

- Genevieve Jacobs, Region Media, Digital News Report 2022

Given the evidence of market failure in the supply of public-interest news, **public intervention may be the only remedy.**

- Frances Cairncross, *The Cairncross Review: A Sustainable Future for Journalism*, 2019

Global context

Local news publishers are under pressure globally as business models sustained by advertising and user-fees have weakened in all markets, compounded by COVID-19 disruptions, causing concern for Governments across the world.

Digital newsrooms offer more flexible distribution channels and associated diversified revenue streams. However, they are not financially viable on a user-pays basis. Globally, only 17% of respondents pay for online news. While paying for news increased to 18% in Australia in 2022, local audiences are still only just about average. (Park, 2022).

Government interventions across the globe have included grants supporting content production and/or journalist employment, tax breaks for public interest news publishers, operational support grants for publishers in the form of grants and subsidies. Some examples include:

- In Canada, a CAN\$595 million tax package was implemented in 2018 to help arrest the disappearance of jobs in journalism. A similar program has been introduced in France, expanding tax credits, while Tunisia, Lebanon, Colombia and Indonesia have introduced tax exemptions for local news publishers and El Salvador has deferred tax payments for news businesses. It should be noted, though, that media outlets must be profitable to benefit from tax exemptions;
- In addition to tax credits, France offset €377 million to support the news industry's ecological and digital transition with additional taxes on tobacco;
- Similarly, Canada has provided \$50 million CAD over five years to support a Local Journalism Initiative, supporting 300 reporter positions;
- Indonesia has suspended electricity charges for news publishers and provided a 30% tax credit to promote individual subscriptions;
- The Dutch Journalism Fund, launched in 2010, receives funding from the Ministry of Education, Culture and Science and spent €35 million in 2020 in grants contribute up to 50% of an investigative journalism costs, as well as subsidies for news publishers, innovation schemes, professionalisation programs for local broadcasters and talent development support;
- Norway awards production grants to the industry in proportion to a newspapers' circulation and market position: every newspaper with a circulation less than 6,000 copies receives aid from the government;
- An obligation to support local press is enshrined in the Portuguese Constitution: granting money to local and regional press, but not to national press;
- In Denmark, newspapers and digital publications that publish political and cultural content and employ at least three journalists are entitled to an editorial production subsidy based on the amount they spend producing journalism;
- In Austria, the Austrian Communications Authority awards subsidies which in 2017 amounted to around €8.5 million;
- Canada, the US, South Africa and Italy are among countries expressing interest in emulating Australia's Mandatory News Bargaining Code; and
- Sweden, Canada, the US and UK have each established state assistance agencies to support independent media (Cairncross 2019; Schiffrin 2022, UNESCO, 2022, KAS 2022).

The polarization of media has been felt particularly strongly in the U.S. In response, a range of agencies and mechanisms have been created to support local journalism, such as the Institute for Non-Profit News, the Poynter Institute, American Journalism Project and the American Press Association. While ‘ghost newspapers’ with no local reporters are still present in America (as they are in Australia) the result of this coordinated support in the U.S. has been a counter-trend of new local for-profit and non-profit digital publications around the country which look set to eclipse metro dailies in 2023. (Brady, 2022).

In many ways, LINA takes its lead from the highly successful example set by Local Independent Online News (LION) Publishers supporting 400+ members across the U.S. and Canada. LION focuses on start-up programs, revenue growth, and news entrepreneurship as signature programs, along with other member benefits. It is primarily funded by philanthropic donations from the US-focused Knight Foundation. In Australia, where journalism does not attract tax exemptions, philanthropic support is much more difficult to secure. Therefore, government investment is required to provide similar support structures to independent media.

LINA is working closely with LION and other international bodies to adapt best practice learnings to the Australian media landscape. Connections with global bodies such as the Global Investigative Journalism Network, Solutions Journalism Network, World Association of News Publishers, and Online News Association provide learnings and insights from international examples which individual publishers are unlikely to have time to research themselves. LINA seeks to draw on successful examples from around the globe and urges the Commonwealth to replicate successful funding programs from other nations to complement this work, including support for the national association.

“The loss of local journalism has been accompanied by the malignant spread of misinformation and disinformation, political polarisation, eroding trust in media, and a yawning digital and economic divide among citizens. **In communities without a credible source of local news, voter participation declines, corruption in both government and business increases.**”

– Penny Abernathy, The State of Local News, 2022

LINA'S IMPACT

Australian news outlets are delivering high quality news services relevant to their communities through an independent and sustainable publishing sector.

CONTEXT:

- Audiences have shifted to digital news consumption over decades.
- Business models sustained by advertising and user-fees have weakened globally.
- Australia suffered a net contraction of 111 newsrooms from January 2019 to August 2022, however locally owned and controlled newsrooms are emerging with nearly 1 on 5 services emerging since 2018.
- Government responses need to be complementary and joined up, rather than ad hoc.

LINA OBJECTIVES:

1. Increase the diversity and relevance of local news services to communities across Australia.
2. Support both existing and emerging online public interest news services through:
 - a) Capacity building
 - b) Expert resources and advice
 - c) Access to third-party services
3. Increase the sustainability of hyperlocal and independent news publishers.

LINA STRATEGIC ACTIONS:

1. Building sustainability
 - a) Collective advertising sales representation
 - b) Matched funding campaigns
 - c) Media and Digital Platforms Mandatory Bargaining Code
 - d) Grow philanthropic support
2. Group discount and third-party service suppliers
3. Business support
4. Audience and content development actions
5. Representation and building recognition
6. Training and networking coordination

MEASURES OF SUCCESS:

1. LINA membership is growing.
2. LINA members report increased revenue and employment levels.
3. All eligible members are ACMA registered and engaged in collective bargaining under the Media and Digital Platforms Mandatory Bargaining Code.
4. Financial support coming into the sector is drawn from multiple streams.
5. Members are saving money through discounted services across at least 5 areas of business and/or tools.
6. An online member portal is established, populated with resources and utilised.
7. LINA members are attending professional development, networking and conference sessions on a broad range of relevant topics, engaged in discussions and providing good feedback on learnings.
8. Sector awareness is increasing, resulting in increased traffic to member websites and social media follower growth.
9. LINA members are being shortlisted and winning awards for their work.
10. Emerging newsrooms are supported through their start-up phases.
11. Hyperlocal and independent publishers are sharing resources, collaborating and thriving.

DATA INDICATORS:

- Number of LINA members
- Percentage of estimated potential members joined LINA
- Percentage increase in member income reported
- Number of journalists employed by LINA members
- Amount of revenue raised through matched funding activities and number of philanthropic funding sources
- Total value of member discount services utilised by LINA members
- Number of members using third-party services and tools provided
- Traffic and download figures for online member portal resources
- Number of attendees for online and conference learning and networking opportunities
- Number of 'shoptalk' and online learning opportunities offered
- Number of social media followers for LINA members
- Online traffic figures to LINA member sites
- Number of LINA members acknowledged in journalism award ceremonies.
- Number of 'elevated' LINA members supported
- Number of LGAs with two or more local news publishers operating

EXPECTED OUTCOMES

- An increase in the number and diversity of newsrooms operating across Australia, and conversely reduced newsroom closures.
- A decrease in identified 'news deserts' where communities have no local news services.
- Audience trust in news services is increasing.
- An increase in media plurality within Local Government Areas resulting in:
 - a) Better quality news services and content; and
 - b) A better-informed population.

Budget Request Summary

| Activity | 2023-24 | 2024-25 | 2025-26 |
|---|--------------------|--------------------|--------------------|
| LINA operational support | \$389,908 | \$396,175 | \$408,401 |
| Strengthening public interest journalism | \$304,800 | \$481,974 | \$412,244 |
| Capacity building support | \$361,150 | \$846,888 | \$892,346 |
| Networking, IT and business services | \$602,760 | \$526,743 | \$512,435 |
| TOTAL LINA Request | \$1,658,618 | \$2,251,781 | \$2,225,426 |
| Additional industry suggestion: Start-up support program | \$3,750,000 | \$6,750,000 | \$8,550,000 |

LINA’s anticipated return on this investment is outlined in the Impact Table on the previous page.

Proposed activities outlined in the Budget Item Details below include training and education programs; actions to support community resilience and emergency response capacity; infrastructure and technology requirements; as well as communication supports. LINA suggest the Commonwealth could draw on a range of budget areas to support this submission.

Budget Item Details

All budgeted projects are complemented by membership income, donations, and sponsorships for specific projects.

Operational support requirements

A small staff team facilitates core services for LINA members and supports the development of industry partners and projects. Service support agreements allow LINA to operate with a lean budget, ensuring all activities deliver direct benefits to publishers. This team also facilitates sector leadership activities such as representing members in policy forums and centralised coordination of programs and activities. Operational support forms the base for the continuation of LINA’s current activities and the expansion of programs to create greater impact in years ahead.

Budget requirements for operational support include:

| Item | 2023-24 | 2024-25 | 2025-26 |
|---|------------------|------------------|------------------|
| Salaries & Wages for 2 FTE (including on-costs) | \$274,908 | \$283,155 | \$291,650 |
| Subscriptions & Memberships | \$6,000 | \$6,090 | \$6,181 |
| Administration | \$10,000 | \$10,150 | \$10,302 |
| Office rental | \$12,000 | \$12,180 | \$12,363 |
| Service support (accounting, legal etc) | \$40,000 | \$42,000 | \$44,100 |
| Travel & meeting expenses | \$22,000 | \$23,100 | \$24,255 |
| Website & hosting fees | \$5,000 | \$1,500 | \$1,550 |
| IT & subscriptions | \$10,000 | \$12,000 | \$14,000 |
| Promotion & marketing | \$10,000 | \$6,000 | \$4,000 |
| Totals | \$389,908 | \$396,175 | \$408,401 |

Strengthening public interest journalism

LINA works to ensure that engaged local audiences are served with independent, accessible, original, high-quality public interest news reportage, covering issues and information important to communities. Currently, LINA supports audience and content development actions such as coaching on how to use Canva tools for journalists, coordinating a content ideas calendar, and facilitating shared learnings between editorial teams.

In addition to continuing these activities, funding support will assist LINA to:

- develop resources and learning tools relating to data, AI journalism, and solutions journalism, and expand investigative public interest journalism at a local level;
- provide 'micro-grants' to local publishers to increase investigative journalism and encourage hyperlocal content;
- provide support and upskilling to cover court-reporting and other sensitive topics some publishers are currently self-censoring due to a lack of confidence and skills;
- arrange pro bono legal partners for specialist media law advice (in progress);
- work with Vision Australia Radio to deliver local news services to blind and low-vision audiences and partner with the Centre for Accessibility Australia to provide best practice advice on website accessibility for readers with a disability;
- provide direct support to members to nominate for Australian and international awards and recognition opportunities to build the profile of quality, independent journalism in Australia;
- provide centralised digital design and SEO specialist services to increase audience reach; and
- develop a pool of Sub-Editors to address an identified skills gap in the sector, providing centralised sub-editing functions and building capacity in this specialised skillset.

Budget requirements to strengthen public interest journalism include:

| Item | 2023-24 | 2024-25 | 2025-26 |
|---|------------------|------------------|------------------|
| Salaries & Wages for 1 FTE (including on-costs) | \$105,800 | \$108,974 | \$112,244 |
| Sub-editor service (inc training & mentoring) | \$99,000 | \$198,000 | \$150,000 |
| Design and SEO service | \$ - | \$75,000 | \$50,000 |
| Micro-grant program | \$100,000 | \$100,000 | \$100,000 |
| Totals | \$304,800 | \$481,974 | \$412,244 |

“Here is an emerging sector, collectively publishing as many as 30 news stories an hour with some operations seeming to garner large audiences and **filling specific geographic news gaps.**”

- David Harte, Rachel Howells & Andy Williams, Hyperlocal Journalism: The decline of local newspapers and the rise of online community news, 2019

Capacity building support

LINA provides publishers with access to training events, resources, tip sheets, templates, guides, and playbooks to support local and diverse newsrooms. LINA provides best-practice business structure advice, including templates on practical issues such as social media terms of use and relevant policies. In addition, LINA facilitates education and upskilling, producing resources such as metadata explainers, news product thinking resources, shared learnings from the Lion News Sustainability Summit, advice on hiring a digital design, tech tools and more.

Current member services include:

- fortnightly online 'shop-talk' sessions providing facilitated networking opportunities and guest speaker presentations on operational topics, examples of news publishing business success, news product thinking and technical tools to enhance reporting;
- access to a calendar highlighting award nomination opportunities, grants, training and significant dates for content ideas;
- access to guides, templates and videos in the 'members area' of the LINA website;
- invitations to training and networking events;
- media kit templates; and
- coordination of an annual industry summit/conference event.

With funding support, LINA will expand this range of services to include:

- centralised HR support for small news businesses;
- one-to-one intensive business coaching;
- tailored education resources on media law, workplace health and safety, creating content remotely, digital content marketing and multimedia content production;
- creation of new revenue streams through a coordinated fundraising campaign;
- support to engage in the Mandatory News Bargaining Code through collective bargaining;
- collective advertising sales representation;
- connect members with international organisations offering training, learnings and services to hyperlocals in other regions;
- advice on establishing subscription options; and
- LINA is developing a pathways program to support emerging journalists into sustainable roles with news entrepreneurship training supports in partnership with Universities, digital publishers and other community media partners.

Budget requirements for capacity building support include:

| Item | 2023-24 | 2024-25 | 2025-26 |
|---|------------------|------------------|------------------|
| Salaries & Wages for 0.6 FTE (including on-costs) | \$63,480 | \$65,388 | \$67,346 |
| Third-party services | \$30,000 | \$30,000 | \$40,000 |
| Conference expenses (inc. member travel subs) | \$60,000 | \$60,000 | \$60,000 |
| Training & resources | \$57,000 | \$15,000 | \$18,000 |
| Business coaching intensive | \$- | \$55,000 | \$55,000 |
| Emerging journalist pathways program | \$150,670 | \$621,500 | \$652,000* |
| Totals | \$361,150 | \$846,888 | \$892,346 |

*Itemised budget for this project available upon request.

Networking, IT and business services – creating economies of scale

LINA connects members with discount suppliers, expert advice and industry networks to save news businesses money and time and generate economies of scale for small businesses. While the availability of easy-to-use and largely free blogging software has resulted in virtually zero start-up costs in terms of technology (Harte, Howells & Williams, 2019), using the available technology in an efficient manner for professional newsrooms (which engages local audiences and collects relevant data to inform business development) requires investment in both skills development and professional set-up structures. LINA seeks to expand its member service offering to collect and share aggregated data on local news engagement, help industry and government better understand opportunity and barriers relating to local news and information sources, and implement best practice technical tools across its membership to gain operational efficiencies.

Current member benefit examples include:

- discounted insurance packages through a partnership with KBI Group;
- a 25% discount on the VettNews Cx complaints and corrections tool;
- a 30% discount on the Newsletter Glue production tool;
- a 30% discount on registrations for Media Law conference events;
- a free Canva Pro 12-month subscription and support materials on Canva tools for journalism;
- facilitation of monthly member networking sessions to share learnings and insights;
- a facilitated Slack channel discussion covering topics such as content, operations, business development, revenue development, tools and tech, new resources and general queries; and
- on-call technical advice on websites and administrative systems.

With funding support, LINA will extend centralised services to generate economies of scale through:

- centralised accounting and bookkeeping services;
- negotiating further discount rates on other software licenses, equipment suppliers, digital design and tools;
- centralised specialist technical support;
- search engine optimisation, communications and promotional support to engage broader audiences with local services;
- development of a tech platform to support a collective sales representation partnership with Spots & Space to complement local advertising revenue;
- data suite and aggregated analysis tools to track reader engagement across the LINA membership; and
- an audit and research program to inform impact investing and key points of intervention for policy-makers, philanthropic stakeholders and industry.

There is a **strong case for public intervention** to support publishers to develop solutions fit for the digital age.

- Frances Cairncross, The Cairncross Review 2019

Budget requirements for networking, IT and business support include:

| Item | 2023-24 | 2024-25 | 2025-26 |
|---|------------------|------------------|------------------|
| Salaries & Wages for 2 FTE (including on-costs) | \$232,760 | \$239,743 | \$246,935 |
| Service providers/contractors | \$90,000 | \$90,000 | \$90,000 |
| IT development | \$150,000 | \$100,000 | \$80,000 |
| IT & subscriptions | \$20,000 | \$12,000 | \$12,000 |
| Training & resources | \$10,000 | \$5,000 | \$3,500 |
| Research and survey program | \$100,000 | \$80,000 | \$80,000 |
| Totals | \$602,760 | \$526,743 | \$512,435 |

Start-up support

LINA urges the Commonwealth to provide operational support for news business start-ups, tapering across the first three years of operation. A significant barrier to addressing news deserts and increasing media diversity exists in a lack of wage support to allow businesses to launch successfully, with many operators hamstrung by attempting to operate news businesses outside alternative paid employment.

A state-funded support program to sponsor start-up news publishers could comprise 15 x \$250,000 per annum grants supporting publishers with an identified market gap community and a developed business plan, while audience and revenue development is underway to increase their opportunity to achieve sustainability. Such a program could be administered by the Department of Communications, or by LINA if preferred as per the example below.

| | No. of businesses | 2023-24 | 2024-25 | 2025-26 |
|---------------------------|-------------------|-------------|-------------|-------------|
| Start-up group 1 – year 1 | 15 | \$3,750,000 | \$3,000,000 | \$1,800,000 |
| Cohort 2 – year 2 | 15 | - | \$3,750,000 | \$3,000,000 |
| Cohort 3 – year 3 | 15 | - | - | \$3,750,000 |
| Totals | 45 | \$3,750,000 | \$6,750,000 | \$8,550,000 |

McNair identifies four principal (and interrelated) democracy-enabling roles for the news. He sees news: as a resource of **accurate information for citizens**; as a **watchdog/fourth estate**; as a **mediator and/or representative of communities** (a role which can help with community cohesion); and as an **advocate of the public** in campaigning terms.”

- David Harte, Rachel. Howells and Andy Williams, *Hyperlocal Journalism: The decline of local newspapers and the rise of online community news*, 2019

Shared Objectives: Government & LINA partnership

LINA members are well placed to support Government priorities to meet the information needs of geographically and culturally diverse audiences, address news deserts and increase media diversity. Connectedness with local communities makes hyperlocal news publishers uniquely placed to respond to increasingly frequent emergencies, as demonstrated by the pandemic and recent extreme weather events. Timely, locally relevant information is paramount for community safety in times of crisis. LINA members have capacity to provide this information service and offer significant return on investment through the delivery of accurate, independent and trusted journalism that is produced by and for local communities.

Local media also provides a unique space to engage communities in the machinery of government, particularly in regional areas. Yet this is the area of journalism most under threat (Cairncross, 2019). LINA members are well placed to bridge this information divide between communities and governments at all levels.

LINA has a central role in the collection and analysis of industry data and research, and can deliver significant value to government in supporting evidence-based policymaking in the coming years, particularly supported by an audit and research program outlined in the *Networking, IT and creating economies of scale* section of this submission. Similarly, LINA has strong consultation mechanisms in place to ensure a thorough understanding of the challenges, successes, and evolving developments in the hyperlocal and independent news space, making it well-placed to represent the views and interests of hyperlocal digital publishers in policy development forums and to facilitate direct input from a broad range of members in each state to policy and program development. LINA anticipates constructive engagement with ACMA and Department of Communications consultation processes, providing an industry perspective not represented by any other group.

The Commonwealth, LINA, and its members are strongly aligned in the ambition to increase the sustainability of a diversity of newsrooms providing quality news services to communities across Australia, and therefore the diversity of local news services available to audiences. The actions outlined in this submission will significantly contribute to the sustainability of local and diverse newsrooms and strengthen Australia's democratic functions through strengthening public interest news reporting at a community/local level.

“How should society continue to support the monitoring of, and reporting on, the activities of public bodies not just in central government, but also in localities: local councils, courts, inquests?”
This area of reporting has always been one of the **most important functions of journalism** and brings **undeniable public benefit.**”

- Frances Cairncross, The Cairncross Review 2019

Policy support requirements

LINA is pleased to acknowledge the Commonwealth's focus on establishing complementary and joined-up news media policy interventions. In addition to a budget allocation, on behalf of its members LINA seeks the following policy and legislative actions from Government:

Access to DGR Status

While community radio and television services are required to be not-for-profit to meet licensing eligibility requirements, community-based digital newsrooms in Australia are disincentivised from establishing themselves as not-for-profits and/or charitable organisations by a lack of recognition for public interest news services as a public good. While some newsrooms have aligned themselves with education activities to access ACNC registration, it is not a neat fit in terms of core objective, despite every newsroom taking an active role in informing communities every day. Consequently, most newsrooms have been established as private businesses, trusts, sole traders, or partnerships, and are not eligible to apply for donor gift recipient status, significantly curtailing their capacity to attract donations from both individuals and foundations.

By comparison, in the U.S. where journalism is recognised as a public good attracting tax deductibility for donors, the industry has been highly successful in attracting philanthropic support. Democracy Fund, for example, spent about \$13 million in 2021 to support local news in the U.S. Other significant philanthropic contributors to the U.S. news industry include the Racial Equity in Journalism Fund, Democracy Voice Fund, New Jersey Community Foundation, Carnegie Corporation, the Gates Family Foundation, the Knight Foundation, the Walton Family Foundation, Google News Initiative, impact investment firm FJC, Colorado Trust, and Lenfest Institute, who set up a National Trust for Local News in 2021 (Schriffin, 2022). In addition to philanthropic tax benefits, the Colorado state government is currently considering a bill giving tax breaks to local news advertisers.

The Institute for Non-Profit News runs an annual *NewsMatch* program that raised \$47 million, with \$5.1 million in matched funds from 17 national and regional funders in 2021, with almost 20% coming from family or local foundations. According to a Reuters Institute study, the percentage of people donating to news organisations is still only 1% in the UK, and 3% in the US, where such donations attract tax relief. However, they found this source of funds could increase with nearly a quarter of respondents (22%) stating they might be prepared to donate to a news organisation in the future, motivated by the need to support fact-based journalism in an era of fake news and to secure a greater variety of independent voices (Cairncross, 2019).

In the Australian market, smaller populations and cost of living pressures will limit the potential scope of donations, however an increasing number of people are making donations to support a digital news service, up by +1 to 4% in 2022 (Digital News Report 2022) and feedback LINA has received from the philanthropic community to date indicates a willingness to support newsrooms with donations should DGR status be applicable.

LINA asks the Commonwealth to introduce a DGR category for public interest journalism to support donations from the public, philanthropic grants, and, where appropriate, corporate sponsors.

Although the US spends much less per person to support public media than any other Western-style democracy, local news organisations have **historically benefitted from indirect taxpayer support.**

—Penny Abernathy, *The State of Local News*, 2022

Legislated government spend ratios

Australian governments spend nearly \$450 million each year (combined) on advertising campaigns to communicate important information to the public (Wood, Stobart & Griffith, 2022). However, government appointed media buying agencies consistently preference networked media with advertising campaigns that are hidden behind paywalls, not locally relevant, and/or missing significant audience segments. Commercial incentives to streamline booking processes are understandable, but do not adequately meet Government's objectives to reach all audience groups. LINA members are well placed to deliver call-to-action campaigns, but also to keep communities informed of non-campaign announcements such as community consultations, road closures, recruitment, meetings, and events which Governments are required to communicate broadly to residents.

LINA suggests a legislated percentage of government advertising spend would:

- a) Increase return-on-investment for government campaign spends through reaching a broader audience;
- b) Incentivise government media buying agencies to familiarise themselves with local media outlets;
- c) Increase transparency and engagement with local Council activities; and
- d) Increase sustainability and engagement with local newsrooms.

Again, looking to successful examples in the U.S., an executive order (EO47) signed by New York Mayor Bill de Blasio in May 2019 intended to channel city advertising to community and ethnic media outlets in response to chronic underfunding. EO47 channelled \$9.9 million (or 80 percent) of the city's total digital and print advertising budget to 230 outlets, 21 percent of which had never received any city advertising at all. These included publications such as The South Asian Times and The Haitian Times and helped keep them going during the pandemic. The Haitian Times, for example received \$73,000 in 2020, compared to \$200 in 2019. (Schriffin, 2022) Following New York's lead, the Mayor of Chicago signed a similar Executive Order in November 2021 requiring all Chicago City departments to allocate at least 50 percent of advertising spend to community media outlets (including print and digital publications, and television and radio outlets). Both cities have reported significant success from the equity-based policy intervention.

In Australia, less radical steps are required to produce significant impact in the news landscape. If applied at all levels of government, a requirement of 5% of all government media spend would be enough to shift the media landscape and better inform audiences.

“Public interest journalism ‘builds communities and fosters democracy by **facilitating public discussion, ensuring diversity of voice, providing open justice, holding public power to account and providing accurate and reliable information.**”

- Monica Attard, Centre for Media Transition Media Diversity in Australia submission 2020

Updated Local Government Acts

In most jurisdictions, the relevant Local Government Act requires Councils to publish public notices in the local print newspaper – should one exist in the region. There is a growing number of local government areas where no local newspaper is printed, in which case Councils are generally publishing public notices on their own websites with no obligation to reach a broader audience.

LINA argues that this legislation is outdated by technology changes given the trend in audiences seeking information on digital platforms. The inclusion of digital news publishers in the legislation would mean Councils were obligated to publish notices in *local print and/or digital news publication* at a minimum for public engagement. This small tweak in wording would support relationships between local Councils and local news publishers which hold memberships to LINA, the MEAA and/or the Australian Press Council and therefore uphold a set of professional Editorial Standards.

Eligibility for support programs

While the Commonwealth has recognised the need to support news media in Australia, policy interventions implemented in recent years have regularly excluded digital publishers in favour of subsidising rising print costs and supporting established media outlets. Analysis of the Public Interest New Gathering (PING) program undertaken by Deakin University stated that:

“ultimately the PING program did not properly recognise and support ‘greenshoots’ (new start-ups in the industry): The PING funding was available only for existing and established media outlets, such as [Australian Community Media], which closed down dozens of printing presses during COVID. And when independent start-ups sought to enter the marketplace they were being hamstrung by structures that limited access to both subsidies and government advertising revenue, which put them at an immediate disadvantage...an immediate improvement would be to reconsider the funding eligibility criteria. At the moment for PING funding, companies have to have a revenue of \$150,000. We have to remember that local news is not only a public good but also a social good, so people trying to start up these ventures see the gap and see that people in their communities are crying out for reliable, credible information. That's where the attention needs to be when we think about supporting green shoots, not necessarily in terms of their commercial application but their social good.” (Hess, Media Diversity in Australia Report, 2021)

The Global Investigative Journalism Network recommends governments provide subsidies, whether direct or through independent intermediaries, in ways that do not privilege old-fashioned forms of distribution, and that are tailored to support local journalism and journalism serving underserved, underprivileged, and marginalized communities as a key to news media preservation (Pandania, 2022).

LINA’s request is simply that small, digital newsrooms, including new entrants to public interest journalism, be eligible for **all government programs supporting news media**.

News independence is a strong predictor of trust in news. Low trust is linked to news avoidance. Public disengagement with current affairs is a **key risk in participatory democracies**.

Distrust is a strong predictor of news avoidance.

– Sora Park, Digital News Report: Australia 2022, 2022

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