Case studies of schemes for funding high quality journalism

Phase 2 report for the ACCC

Robin Foster and Mark Bunting

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Introduction

This report contains detailed case studies of various schemes designed to provide funding for quality journalism and other creative content in several countries. The case studies were selected to cover a range of approaches and examine how various schemes address key issues, including overall objectives, funding decisions, performance review, governance and independence.

The work is in tended to support the more general analysis contained in our phase one report for the ACCC: Public Funding of High-Quality Journalism, April 10, 2019.

Robin Foster and Mark Bunting

Communications Chambers

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1. BBC Local News Partnership

1.1. Purpose and scale

This UK scheme was set up in 2016 by the BBC with the News Media Association, the UK press industry association, to help address worrying declines in local journalism, and to respond to complaints that the BBC was itself "crowding out" local journalism. It is funded with £8m a year from the BBC licence fee. Its main function is to provide the BBC and local news publishers with access to a range of reporting on local public interest issues, including the activities of local councils and other local public bodies. Some of the content is produced by newly-recruited dedicated reporters, based in local newsrooms.

The scheme consists of[1]:

- A news hub, which gives eligible local and regional news organisations access to BBC video and audio content
- A shared data unit, which shares data journalism with news organisations across the industry
- "Local Democracy Reporters", which aims to fund 150 reporters around the UK, based in the offices of local newspapers.

The content produced by local reporters is shared across the network and to all eligible members, not just those which act as hosts for those reporters.

1.2. Eligibility

The scheme is intended to support established local news providers who can demonstrate an ongoing commitment to the production of public interest journalism for local or regional audiences. According to the BBC's official scheme website, if a local news service, of whatever size or type, makes quality public service journalism, then they should be able to get access to the stories and data produced by the scheme.

Two types of partner have been defined: Section 1 (receive access to shared content) and Section 2 (also employ one or more of the local democracy reporters).

All (Section 1 and 2) eligible local news partners must:

- Target an audience located in a specific local or regional geographical area
- Generate and distribute their own news content

[1] See description of the Local News Partnership in Inside the BBC

- Demonstrate journalistic output covering a broad range of topics over at least 12 months before application

- Demonstrate coverage of all aspects of public institutions, organisations and civic life

- Regularly publish, broadcast, or distribute news content

- Meet and maintain high journalistic standards

- Demonstrate a robust method for handling complaints.

The scheme does not apply to specialist or niche news providers, news agencies or aggregators. News organisations which are regulated or self-regulated by a recognised body are fast-tracked through the eligibility process. Others are asked to provide examples of content, which will then be reviewed for the BBC by an expert "assessor".

Those applying to be a Section 2 partner also need to meet additional requirements:

- Ability to produce content in more than one format

- Suitable experience and level of training among editorial staff

- Commit to working in partnership and to high diversity standards

- Ensure that all content produced under the scheme meets the highest standards of impartiality, along the lines of the BBC's editorial code.

Distribution of reporters has been linked mainly to "higher tier" local authority areas – i.e. larger urban or county areas. Reporters are recruited by each local news organisation at a standard fixed price per reporter, have common features in their contracts and work to the same editorial brief. According to the 2017/18 review of the scheme[2], some 144 reporters had been recruited, with 58 separate contracts. 49 of the contracts, accounting for 130 of the journalists, were awarded to the top three local/regional press groups by size (Reach, Newsquest and Johnston Press).

1.3. Allocation and governance

The eligibility requirements set out above for Section 1 partners must be met by all. There is in practice no limit on the number of Section 1 partners if those criteria are satisfied. For Section 2 partners, though, the hurdle is higher and allocation decisions are needed, as funding is limited.

[2] BBC Local News Partnership first annual review

According to the BBC's guidelines[3], the criteria for acceptance are designed to set a fair and non-discriminatory approach to the selection of partners and to avoid conferring an unfair advantage on a partner or class of partners which could distort the market. Applicants must set out how they will provide quality journalism, show their previous track record in public service journalism, explain the areas they wish to cover, demonstrate a collaborative approach and explain how they will add value to local journalism in the areas they have selected. The BBC has sole responsibility for the allocation decisions, and there is no independent review.

1.4. Approach to evaluation

The LNP is reviewed annually, by both the BBC and the NMA. The first reports, in 2018, focused primarily on what had been done to establish the various elements of the programme, including agreeing the eligibility criteria for the scheme, developing and implementing the process for partners to bid for contracts to employ the 150 local democracy reporters, and selecting a technology provider to create a distribution tool for content produced under the scheme. The publicly available material does not say how, if at all, the scheme will assess the effectiveness of its partner eligibility checking process or ensure that partners accepted into the scheme continue to meet the criteria over time.

The main quantitative performance indicator is uptake of content produced under the LNP (i.e. the absolute number and proportion of stories generated by the scheme that are published by participants). Various targets are set for publication by the BBC and NMA members, based on data provided by organisations that use the content. In addition, data are gathered on the prominence of published content (whether stories were published as the lead item, a major item, a minor item, in short-form or as social media posts).

The BBC's first report, published in November 2018,[4] covered practical progress to date and challenges experienced, including some difficulties in recruiting partners and in ensuring use of content produced. For this first report, the BBC conducted a trial survey in one region, which assessed the scheme with respect to the impact and appreciation of the scheme, as well as take-up. Local media partners were asked how effective they felt the scheme had been in terms of "helping them to better serve their audiences" and "helping them to hold power to account." Impact was also assessed from an editorial perspective – whether stories had a significant impact on local politics and democratic processes or raised local communities' awareness of local issues (for example, the report says that a local democracy reporter in one county "has been credited with reversing a county council plan to cover up councillors' misconduct").

Other published data include the number of stories produced and published (30,000 in the first year), the regional distribution of reporters employed under the auspices of the Local Democracy Reporting Service (LDRS), the identity and mix of companies who employ them and the number of stories they produce.

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[3] See the Local News Partnership guidance notes

[4]Referenced above

The NMA's report[5] focused on its performance in recruiting for posts funded by the LDRS; the number of stories published and their prominence (based on the same analysis as the BBC's report); reader feedback (no details provided) and editors' views (ditto). The approach is primarily qualitative/narrative for this first report. The report notes that "establishing KPIs to monitor the uptake of content through the partnership has been challenging because of the number of eligible partners – 802 currently." Full performance against KPIs is promised for next year's reports, after a more comprehensive data collection exercise.

The scheme was also considered briefly in the Cairncross Review.[6] Although systematic evaluation was outside the review's scope, it noted that some observers think that the scheme has had some problems, highlighting:

- Concerns that the scheme had acted as a substitute for private provision rather than providing additional resource

- A requirement to treat all parts of the UK fairly has resulted in funding insufficiently concentrated on those areas most in need

- Concentration of funding with the three largest news publishers

- Difficulties for smaller online news providers to access the scheme.

The Review recommended expanding the scheme, but after an independent evaluation of its operation to date, and in the medium term proposed that its management should be moved from the BBC to a new independent body.

1.5. Observations

This scheme shows that it is possible to devise a targeted approach which supports local journalism in partnership with existing news providers, independent of government influence. It has supported the employment of new journalists tasked with reporting local issues of civic importance, who have produced a substantial output of news stories that might not otherwise have been covered. A systematic approach was taken to allocating funding. Widely shared access to news content created under the scheme is a positive feature. As noted by the Cairncross Review and others, more thought needs to be given to how any future funding is allocated to ensure that it reaches the areas most in need and can be accessed by new digital news providers, and how performance is evaluated.

[5] http://www.newsmediauk.org/write/MediaUploads/PDF%20Docs/NMA_LNP_Annual_Report_2018.pdf
[6] The Cairncross Review, 2019

2. Canada Periodical Fund

2.1. Purpose and scale

The Canada Periodical Fund was established in 2009 to replace two previous funds[7]. Its aim is to aid Canadian print magazines, non-daily newspapers and digital periodicals to help them overcome market disadvantages and continue to provide Canadian readers with Canadian content. Total annual funding is in the region of Can$80m a year, of which magazines take the biggest share. News publishers receive around Can$16m spread across some 400 titles (an average of $40,000 per title, although a few of the larger-circulation titles may get much more). The fund has three parts:

- Assistance to Publishers (ATP) – by far the largest which is a formula-based fund to provide general financial support to eligible print-based publishers, largely based on their circulation figures

- Business Innovation (BI) – a relatively small project-based fund which offers support to small and mid-sized publishers, including digital periodicals, for innovative projects

- Collective Initiatives (CI) – another small fund which supports industry-wide bodies in areas such as research, training etc.

The CPF is managed and delivered by the Cultural Industries' Branch of the Department of Canadian Heritage but makes its individual funding decisions independent of government.

2.2. Schemes and eligibility

Applications for support from all three schemes must be submitted according to a detailed and formal application process.

There are general eligibility requirements, including:

- Recipients can be commercial or not-for-profit organisations, but must be majority Canadian-owned, and have their principal place of business in Canada

- Periodicals must be either a printed magazine or a printed non-daily newspaper and have completed one year's publishing cycle

- Have published between 2 and 52 regular issues in the year

[7] See a description of the Fund at Canadian Heritage

- Editorial content must, on average, be at least 80% Canadian, and of total content no more than 70% can be advertising

- Contain a majority of original content and be edited, designed assembled and published in Canada

- Meet various circulation eligibility criteria.

The ATP scheme

The aim of ATP is to provide general financial support (to the tune of around Can$70m a year) to Canadian magazines and non-daily papers, and its funds can be used very flexibly to offset general operating costs. It is not directed at any specific type of journalism, other than it must involve "high quality" Canadian content, although application guidelines note that content for minority groups is one of the scheme's general objectives.

Funding can be awarded up to an amount of Can$1.5m per periodical per year and cannot exceed 75% of the publisher's total costs of creation, production, marketing and distribution – to ensure that other financial sources are used alongside the state's contribution.

The BI scheme

The aim of the BI scheme (around only Can$1.5m a year) is to support innovative projects in small and medium-sized publishers, including digital periodicals. Recipients must have less than Can$500,000 a year turnover or less than 100,000 a year circulation to qualify. Projects might include adoption of new technologies or new business models, more effective processes, or new products and ideas.

The scheme will fund up to 75% of total costs, with a maximum of Can$50,000 per periodical per year. Again, the aim is to encourage a reasonable level of non-public funding alongside the public contribution. Recently, a pilot start-up finance scheme has been launched, offering up to Can$5,000 for digital start-ups, to a maximum of 50% of the total costs involved.

The CI scheme

This part aims to fund industry-wide initiatives – for example in research, marketing, distribution, training, new processes etc. Around Can$2m a year is available, with the fund meeting up to 75% of the costs of any project.

2.3. Allocation and governance

The largest part of the CPF – the ATP scheme – is formula-based. Applicants receive support in proportion to their eligible circulation (a largely mechanistic exercise in which available funds are distributed among eligible applicants according to their printed copy sales). The CPF guidelines also note, however, that account will be taken of size, type and category of applicant and if the periodical also exists in digital format, which gives the CPF some discretion in adjusting the final funding amounts. Indeed, there has been occasional press comment in Canada regarding the opacity of some of the CPF's funding decisions.

The BI and CI schemes involve an appraisal of the bids received. For BI grants, for example, the CPF says that it will consider how a proposal meets the fund's overall objectives, how innovative it is, the extent to which it will be able to demonstrate results and measurable outcomes, the degree of financial commitment from other sources, and the clarity and relevance of the expected outcomes.

The CPF itself undergoes periodic reviews of its effectiveness. The most recent of these was published in 2015, covering the period 2010/11 to 2014/15[8]. Its main findings were that the scheme is delivering public value and is considered vital by its recipients, but there was scope for improvement in several areas (see below for more detail):

- Better monitoring of performance after funds have been allocated – the review noted that the general ATP funding needed better monitoring as little information was collected by the CPF on how it was used or what impact it had

- It should be more open to digital-only periodicals and news providers – the ATP allocation is based on print circulation, and does not assist digital only publishers – indeed the review noted that it could inadvertently be acting as a disincentive to a faster move to digital by established news providers

- The BI fund application process needed to be made less bureaucratic and more widely publicised, as it was under-subscribed, with applicants possibly deterred by the relatively high cost and time involved in applying for what were relatively low -value potential grants.

2.4. Approach to evaluation

The most recent external review of the CPF, as noted, was published in 2015. The CPF targets 'immediate' outcomes (lower business costs, increased number of innovation and development projects by small and medium-sized publishers, industry development initiatives, new skills and capacity for content development); 'intermediate' outcomes (maintained or increased distribution, competitiveness and diversity of Canadian magazines and newspapers; industry sustainability); and 'ultimate' outcomes (creation and accessibility of Canadian artistic expressions and cultural content).

The purpose of the 2015 evaluation was to examine the *relevance* and *performance* of the fund with respect to these objectives. It included a review of industry data, a review of internal documents and fund files, stakeholder interviews, economic analysis, case studies, surveys of aid applicants and input from an expert panel.

[8] Canada Evaluation Services Directorate, Evaluation of the Canada Periodical Fund, 2015

Relevance was assessed by the extent to which (i) the CPF continued to meet a demonstrable need and respond to citizens' and publishers' needs; (ii) its objectives were aligned with government priorities; (iii) it was aligned with the government's roles and responsibilities. A key issue was the 'incongruence' of the funding formula in the main component of the fund, the Aid to Publishers (ATP), which linked the size of aid payments to sales of print copies, excluding both digital sales and free distribution from the calculation; the evaluation found that "excluding digital copies from the formula may be unintentionally discouraging publications from investing in digital in order to maintain their print operations."

Performance was assessed regarding effectiveness, efficiency and economy. The review identified a number of challenges to performance measurement: some intended outcomes were hard to measure, there was no control group, and assessment depended on industry data, which is incomplete and did not always provide the required insight.

Reports from aid recipients provided the main source of insight for the effectiveness assessment. Most recipients said they had experienced positive business effects as a result of the scheme, and reported satisfaction levels were high, although with some concerns about fairness (particularly amongst smaller organisations) and clarity of funding decisions.

The review concluded that there continues to be a need for federal support for magazines and community newspapers; that the need may be greater than when the CPF was designed; that the CPF is well aligned with government priorities; and that the funding has been successful in offsetting business costs and enabling publishers to undertake activities they otherwise would not. However, greater understanding of the impact of funding would require enhancements to reporting and more information about long-term results. Given the continued overall weakening of the Canadian news sector, it was difficult to demonstrate that the scheme's 'intermediate' objectives had been achieved. The review did not consider possible alternative uses of the funding provided.

The ATP did not require recipients to report on how funding was used or the outcomes, which helped minimise the scheme's administration costs and burden, but made it difficult to discern its results. For the Business Innovation and Collective Initiatives funds (where reporting was mandatory), more insight was needed on their longer-term impacts, including insight from recipients on multi-year effects, as long as any augmentation of reporting requirements was balanced with measures to reduce administrative burden.

The level of take-up of the schemes was considered, in particular with respect to Business Innovation, which was under-subscribed. The review concluded this may have been linked to the rejection of a large number of applicants in the early years of the scheme, low levels of awareness, and the burdensome nature of the application process relative to the level of funding available.

The scheme's economy and efficiency was considered two ways: first, by benchmarking its administrative costs against other programmes in the cultural industries; and secondly, by considering whether there was evidence to suggest that an alternative model (such as outsourcing some aspects of the fund's delivery) would be cheaper. A detailed assessment of working practices led to recommendations regarding reorganisation and streamlining including:[9]

- Reducing administrative burden by exploring the use of multi-year funding agreements, separating the application deadlines for magazines and community newspapers
- Reducing the amount of data required to apply for ATP and BI and moving to online application portal
- Efforts to reduce the delay between ATP applications and receipt of funding (which can be 8-10 months)
- Reducing duplication of effort between their application processes for BI and ATP.

2.5. Observations

The CPF is a good example of a longer-established fund which has clearly met some urgent funding needs for both magazines and weekly newspapers in Canada. It shows how funds can be directed to those in need of support, using a mix of systematic and more judgement-based decision criteria. The 2015 review of its effectiveness is a good example of how periodic independent reviews can play a role in assessing performance and making recommendations for improvement. However, we note the shortcomings identified by that review, especially the need to be more open to digital news provision, and to reduce administration costs.

2.6. New Canadian proposals

The Canada Federal Budget of March 2019[10] confirmed a 5-year programme of support for journalism, covering three programmes:

- A refundable labour tax benefit for qualifying organisations (est. cost Can$360m over 5 years)

- A non-refundable tax credit for subscriptions to Canadian digital news (est. cost Can$138m over 5 years)

- Allowing eligible not-for-profit news organisations to qualify for charitable donations (est. cost of Can$96m over 5 years).

The benefits are only available to "qualifying Canadian journalism organisations" producing original news. Various minimum standards are set out for organisations to qualify for "QCJO" status, and an independent panel will be established to develop detailed eligibility criteria, oversee the process of

[9] *Ibid.* pp 31-33, 43-44
[10] See the details contained in the Supplementary Information of the March 2019 Canada Federal Budget plan, under the heading Support for Canadian Journalism

establishing eligibility and making final decisions. No details have yet been given about the make-up or operation of this panel.

As a minimum, QCJO status will require:

- Incorporation and residency in Canada

- 75% of directors must be Canadian citizens

- The organisation must be primarily engaged in the production of original news content, which is primarily focused on matters of general interest and reports of current events including full coverage of democratic institutions and processes (specialist organisations focusing on industry-specific news, sport, arts, entertainment <u>will not</u> be eligible)

- Employs 2 or more journalists who work at an arm's length with the organisation

- Must not be significantly engaged in the production of content which promotes its own interests or that of an association, or government/government agency.

The <u>labour tax credit</u> scheme is capped at Can$55,000 per newsroom employee per year, which in effect will enable qualifying organisations to claim up to a maximum of Can$13, 750 per employee per year. Eligibility is defined in terms of minimum working hours/weeks and a minimum of 75% of time spent in the production of news content, defined in several ways (and to be scrutinised by the proposed independent panel).

To be granted <u>qualified donee status</u>, a news organisation must be not-for-profit and any commercial activity (such as advertising) must be related to their main journalism activity. Governance safeguards are proposed to ensure they do not promote any particular interest, and no single source can account for more than 20% of donations in any one year. Various other transparency and reporting requirements are proposed.

The <u>subscription credit</u> applies only to news organisations with QCJO status and is capped at 15% of a maximum annual cost of Can$500.

3. Swedish Media Subsidies Council

3.1. Purpose and scale

The purpose of Sweden's press and media direct subsidies is "to strengthen democracy by promoting public access to independent news coverage across the country through a variety of high-quality editorial news media."[11]

The total budget for direct subsidies is SEK 622m (€62m) in 2019 and SEK 677m (€68m) in 2020, up from around €54m in 2016 (quoted in our phase 1 report).

3.2. Schemes and eligibility

A long-standing press subsidy scheme has two parts:

- the main operating subsidy
- a smaller distribution subsidy, for collaborative distribution schemes for printed newspapers.

Both are allocated according to set tariffs determined according to size of circulation. The tariff is multiplied by the circulation up to a maximum possible subsidy of SEK 16.6m for publications of a weekly circulation of more than 251,000. Lower circulation publications have a higher tariff.
In 2018, the Government announced its intention (subject to EU approval) to increase the distribution subsidy by 50% and the operational subsidy by 10 per cent for high and medium periodicity newspapers.

Operating aid is available to high- or medium-frequency newspapers that:

- have a subscribed circulation of at least 1,500 copies (or at least 750 copies for newspapers mainly in the Sami or Meänkieli languages)
- have circulation that is primarily subscribed
- are not more than 25% cheaper than other newspapers in the same category
- have at least 30% distribution in their place of publication.

Somewhat different criteria apply to low-frequency newspapers.

New newspapers may apply at any time; existing newspapers must apply in October for the following year.

[11] Media Support Regulation (SFS 2018: 2053), December 2018 (Swedish)

Operating aid cannot exceed 40% of the newspaper's operating expenses, or 75% of low-frequency newspapers. Recipients of subsidies must provide audited accounts to the Council, and circulation figures, provided by an approved independent body.

Distribution subsidies are designed to encourage collaborative distribution. They are paid per copy distributed, to newspapers which are distributed via services in which at least two newspapers take part, and whose subscription price is not more than 25% less than the price of other newspapers in its category. The subsidy declines as distribution increases, down to SEK 0.0516 per copy for over 21m copies distributed annually. Subsidies are paid to the distribution companies and then forwarded to the newspapers.

Subsidies were extended in 2018 to include a new technology-neutral and platform-neutral media support scheme to help innovation and reinforce local news coverage in areas with little or no journalistic coverage. These subsidies are available to any media publication (press or online) which:

- has at least 50% editorial content
- has exclusive, self-produced editorial content consisting of news coverage and review which constitutes at least 20% of the publication's entire content
- is publicly available
- has independent editorial resources
- has a responsible publisher
- follows 'good media ethics', for example by signing up to industry codes
- makes its editorial content available to people with disabilities
- is targeted at a Swedish audience
- is published or distributed at least 45 times a year
- has at least 1,500 regular readers (newly established publications do not have to meet this requirement in their first year of operation).

Media targeted at minority ethnic groups only have to be published at least ten times per year and have at least 750 regular readers. Dedicated support, up to SEK1m per area per annum, is available for local journalistic activity in areas 'poorly covered' by the general media, based on the number of journalists employed in each municipality as compiled by the Swedish Institute for Media Studies.[12].

Further project grants are available for innovation and development support, including development of digital content, innovation in digital publishing and distribution, and development of digital

[12] Institute for Media Studies Local Database

business models, up to 40% of project costs (or 75% of projects aimed at national minority groups, children and young people or people with disabilities). Grant recipients are required to provide a report to the Council describing how the subsidy was used, what costs it covered, and the outcomes.

3.3. Allocation and governance

Subsidies are allocated by the Media Subsidies Council, an independent committee of the Swedish Press and Broadcasting Authority, which assesses whether applicants meet the statutory criteria. It has a maximum of 14 members, all appointed by the Government. The chairman and vice-chairman of the Council are judges or former judges. The Authority, the media regulator, serves as a secretariat for the Council, receives all applications and conducts drafting activities on behalf of the Council.

The Council appears to have relatively little discretion in its eligibility decisions, given the inflexibility of the criteria, especially for the operating and distribution subsidies which make up the bulk of the support. There is no mechanism for appeal against the Council's decision.

The Council announces preliminary decisions on eligibility for operating subsidies in December of each year, or February depending on which measurement period the newspaper has chosen. Final confirmation of the level of subsidy, based on the newspaper's audited expenses and circulation, is made in September of the year in question.

In 2018, 73 daily newspapers received operating aid, out of 151 newspaper titles covered by Sweden's circulation audit (note not all newspapers participate in this). This was a drop relative to previous years, due primarily to 15 newspapers ceasing publication in the year. Between 85 and 90 newspapers received the aid in every prior year since 2009.

Most of Sweden's newspapers have co-distribution arrangements and a majority (129) benefited from distribution support in 2018. Fifty-five applications for development support were made in 2018, of which 51 were approved from 32 different newspapers.

3.4. Approach to evaluation

The Swedish Press and Media Authority's annual report[13] provides data and basic analysis regarding the operation of the press subsidy scheme. Published information includes:

- The number of aid applications received
- The total amount of funding paid out
- The number of grants of each type that were approved

[13] https://www.mprt.se/Documents/Styrdokument/Arsredovisning-2018-web.pdf

- The number of recipients (relative to the total number of newspapers with audited circulations and broken down by frequency of publication).

Comparisons with previous years are considered and possible explanations of trends are provided, including, for example, in the most recent annual report, where the rate of newspaper closures is considered as an explanation for declining grant pay-outs.

As in Canada, more comprehensive evaluation has been reserved for irregular reports, commissioned by the Swedish government or Parliament. For example, the government appointed a special investigator to carry out a major inquiry into future media policy in 2015-16, including two substantial reports.[14] These included a detailed discussion of the function and effectiveness of the press subsidy schemes, in the context of the overarching goals of media policy (freedom of expression, diversity, independence, accessibility, and to counteract harmful media impact). The Parliamentary Press Support Committee also produced a lengthy report evaluating the subsidy scheme in 2013.

The most recent inquiry sought to take a long view – five to ten years – anticipating that many newspapers would reduce and ultimately stop print publishing over that period[15], and therefore that the primarily print-focused subsidy scheme would need to change.

It assessed the subsidy programme from three perspectives:

- **Rationale**: was the historic justification for press subsidies still valid? Was the intended policy outcome still relevant or the market be likely to remove the need for intervention?

- **Design**: was the current scheme sufficiently flexible and responsive to meet the challenge facing journalism, without being unhelpfully broad and vague? Was the scheme delivering the right scale of benefit to the right organisations? Did it prevent 'gaming' – for example, by ensuring publishers could not secure multiple subsidies for largely the same content by opening up similar newspapers in different regions?

- **Impact**: had the policy objective been achieved? Was the scheme pro-innovation and pro-competitive (or at least not anti-competitive)? Did it encourage publishers to make journalism as widely available as possible, including to audiences with accessibility needs?

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[14] Media citizens and the media: A digital world of rights, obligations, opportunities and responsibilities, October 2015, available in English at https://www.riksdagen.se/sv/dokument-lagar/dokument/statens-offentliga-utredningar/medieborgarna--medierna-en-digital-varld-av_H3B394/html; A cross-border media policy: For information, commitment and responsibility, November 2016, available in English at https://www.riksdagen.se/sv/dokument-lagar/dokument/statens-offentliga-utredningar/en-gransoverskridande-mediepolitik_H4B380/html

[15] Media citizens and the media, pp132-138; also figures 3.19 and 3.20 in the Swedish version, available at https://www.regeringen.se/4ab02f/contentassets/aca20d317683426797fc15c0056004f3/medieborgarna--medierna.-en-digital-varld-av-rattigheter-skyldigheter--mojligheter-och-ansvar-sou-201594, p134. Precise estimates for the proportion of closures are not provided

The inquiry assessed the challenges to Swedish publishers, concluding that the daily press were under great strain, and argued for extending support to digital media and to innovation efforts by traditional publishers.

It pointed out that the current scheme was largely automatic, with little discretion for the funding body to make its own assessment of the amount of support needed. While this helped protect news providers' independence and kept administration costs low, it led to 'unreasonably detailed' criteria and an inability for the scheme to respond to changing market circumstances. Moreover, the inquiry argued, by not including any quality criteria, the scheme did not differentiate between different types of journalism. It also did not entirely prevent gaming.

Finally, the Swedish Government identifies success indicators in its budget bills. For 2019, for press support, these include the amount of support paid-out to newspapers, financial results of the daily press and their 'overall development', and number of magazines and subscribers. The 2015-16 inquiry pointed out that there is no citizens' perspective in these indicators, nor inclusion of digital media, and recommended that they be updated;[16] it does not appear that this recommendation was acted on.

3.5. Observations

Sweden, along with other Nordic countries, is atypical, in that public funding for news provision is long established and seen as an essential component of a thriving and diverse news market. The Swedish model illustrates that press subsidies can be effectively implemented, and that an independent body is helpful in ensuring funding decisions are made in a transparent and accountable manner, distant from government influence. However, as identified by the 2015-16 inquiry, the current schemes would benefit from being updated to reflect digital developments, and, although supporting established providers, risk being insufficiently targeted at critical new market needs. Recent changes reflect these shortcomings with new subsidies directed at platform and technology-neutral initiatives which aim to encourage innovation and local journalism.

[16] *Ibid.*, pp298-300

4. New Zealand On Air

4.1. Purpose and scale

The New Zealand Broadcasting Commission, an autonomous Crown entity, was formed by the 1989 Broadcasting Act, and has operated since then as **NZ On Air**. It therefore has a 30-year track record of providing public funding to a range of media projects, independent of government. Its aim is to provide public funding to support high quality and distinctive content across TV, radio, music and online media, through a mostly contestable funding allocation process[17]. NZ On Air currently receives around NZ$131m annual funding, of which NZ$95m is allocated via competitive tender (i.e. contestable). The bulk of the rest goes directly to Radio New Zealand. The majority of the funding is invested in individual TV and radio programmes or in series of programmes- the content creators or producers submit applications for contestable funding, not the broadcasters.

In 2017, NZ On Air published a new funding strategy[18] in which most of its funding was brought together in one cross-media fund for investment across the sector (previously funds were specified by medium or platform). There are four main strands of investment: scripted (e.g. drama and comedy), factual (documentary, features, news, current affairs), music and platforms. The aim is to create more flexibility for allocating funds across media, encourage innovative new projects, and to break down existing silos. It was also stated on launching the new funding strategy that NZ On Air wished to increase the proportion of budgets contributed from other (non-public) sources.

4.2. Eligibility

Funding is allocated each year in a series of "funding rounds" - typically 5 or 6 a year, with each round being announced well in advance, and applications sought for that particular round – which might be for all scripted programming or might have a more focused aim – such as content for children. In 2018/19, scripted is expected to receive NZ$42m, factual NZ$38m, platforms NZ$43m and music NZ$4m.

Detailed instructions are given to applicants and the process is now well road-tested and understood[19]. Various eligibility requirements are set out, but above all, eligibility for contestable funding depends on having a "commissioning platform" – that is, a broadcaster or online distributor must have already signed up to distribute the content once made. Other requirements include:

- A clear offer of co-investment by one or more parties
- Commitment to free access to the content
- A convincing promotional plan
- Prospective audience commensurate with the amount of public funding requested

[17] For a description of NZ On Air, see Briefing to Incoming Minister, NZ On Air, December 2016
[18] NZ On Air new funding strategy, 2017
[19] See the funding guidelines published by NZ On Air

- A commitment to provide audience data to NZ On Air after release
- Bidders must have an established viable business
- Bidders must be able to show a sustained commitment to local contnet for NZ audiences.

Some attempt is made to simplify the process for lower value applications. Requests are organised into four broad categories:

- More than NZ$500k
- NZ$100-500k
- NZ$50k-100k
- Below NZ$50k

The lowest category bidders are expected to meet published criteria and have a promotional plan. The largest bids will typically be expected to have both a broadcast and online outcome, have significant co-investment, have a detailed broadcast/distribution plan with target audience estimates, and a fully developed proposal with full treatment/ scripts research etc.

Applications must be made through the online applications portal, and all deadlines are announced a year in advance.

4.3. Allocation and governance

Each proposal which reaches NZ On Air therefore already has the support of one of New Zealand's free to air broadcasters which gives some assurance that it has passed a certain quality threshold. NZ on Air then applies its own assessment, which involves examining the extent to which each proposal meets the above criteria, and also its overall objectives, which include:

- Content which is clearly different from that which is funded commercially
- Factual content which investigates significant topics of current or historic interest to NZ, may involve specialist journalism, or cover an event or issue important to NZ culture and identity
- Scripted content which entertains or challenges its audiences
- Music content which promotes NZ artists
- Platforms which require special support – e.g. for minority communities.

As well as these overall objectives, the assessment process looks at value for money and innovation.

In 2017/18, NZ On Air received 1,323 applications in total, of which 243 were factual, 145 scripted, 18 platform and 917 music. 52% of scripted applications were approved as were 46% of factual. The allocation process is carried out by a group of around 10 people in the NZ On Air "Funding team", overseen by a staff committee to approve final decisions. Funding applications of over NZ$1m are approved by the NZ On Air Board. Staff on the funding team are drawn widely from across the media sector, and many have experience of either producing or commissioning content in previous jobs. The Board includes substantial relevant sector expertise, and each member is appointed by the NZ Government for a set term. Although ultimately accountable to the relevant Minister, the Board's detailed funding decisions are made independently of government and are published in the NZ On Air annual report[20].

There is some government oversight, however. Each year the relevant Minister submits a public "letter of expectations" to NZ On Air[21], setting out any broad observations or guidance, and the Board responds, also publicly. In 2018, an additional such letter was submitted at the time of the NZ Budget, which allocated additional funding to NZ On Air. The letter specified the importance of using funds to support a range of objectives including Maori and Pacific content, regional content, and content for children and younger audiences. Also in 2018, a new NZ$6m innovation fund was established to be run jointly by Radio New Zealand and NZ On Air, to help RNZ and commercial suppliers create new types of online content.

NZ On Air commissions periodic consumer and stakeholder surveys to help monitor its performance and conducts substantial research into the success or otherwise of the programmes and content it has funded. The most recent stakeholder survey[22] established high levels of satisfaction with NZ On Air's process and funding decisions, with the exception of those bidding for factual programming funds, possibly because a higher percentage of bids is rejected in this area, reflecting more intense competition for funding. Those expressing reservations about NZ On Air funding decisions pointed to insufficient support for newer, smaller creatives and for purely digital content.

Although NZ On Air appears to be a good model for securing independent funding of media content, including support for aspects of news and current affairs, there has been some preparatory government thinking concerning the possible creation of a new Public Media Funding Commission[23], which would be an independent body charged with protecting and promoting public media and its funding. It appears that this new body would sit above NZ On Air, Radio New Zealand, and others, to provide an additional layer of independence from government interference and make it harder for governments to make future funding cuts to public media without proper consultation and assessment. Critics argue that this would be a further layer of bureaucracy, without necessarily adding significant value.

4.4. Approach to evaluation

The New Zealand government has not recently carried out any systematic evaluation of NZ On Air. However, it has indicated that it intends to review NZ On Air's functions alongside its consideration of a possible Public Media Funding Commission.

[20] NZ On Air Annual Report, 2016/17
[21] Letter of expectations to NZ On Air, 2018, as an example
[22] NZ On Air Stakeholder Survey, 2018
[23] Announced in a NZ government cabinet paper on a possible new Public Media Funding Commission, 2018

NZ On Air itself publishes annual statements of performance expectations[24] and reports,[25] based on a strategic performance framework and targets linked to the three goals identified in the 2017 strategy:

- **Quality**: primarily measured through audience surveys, with targets set for the % of New Zealanders who believe 'NZ On Air supports local content important to New Zealanders' and who like that content; the proportion of completed productions that are acceptable for broadcast or upload is also reported (but since this has been 99% or higher for at least the last three years, this does not seem particularly illuminating)

- **Diversity**: measured by the number of languages in funded content and by audience appreciation for diversity of content and, for Pacific people, culturally relevant content

- **Discoverability**: measured by availability and consumption metrics, including TV audience size and online views for video content, and the volume of radio plays and online streams for funded music.

Uniquely of the schemes surveyed for this report, NZ On Air's annual reports have a heavy focus on consumption of funded content, which it uses as its prime way of assessing audience satisfaction with its investments. Its 2017 target was for 60% of all funded prime time TV content to be watched by large (>200,000) New Zealand audiences, which it did not achieve (57% actual). However, it significantly over achieved its target for the amount of output watched by audiences between 100,000-200,000 (34% actual vs 10% target).

NZ On Air also sets operational and output targets including:

- % of the media fund that is invested in contestable content
- % of funding allocated to content for targeted audiences (children, young people, people with disabilities and minority community groups)
- % of content that showcases particular cultural and community groups
- Number of applications and hours of output that are funded
- Volume of captioned and audio described broadcast output
- Number of music distribution agreements
- Speed of response to applications, notification to applicants, issuing of contracts and payment
- Various staff and safety performance indicators.

NZ On Air complements this performance framework with periodic stakeholder surveys. The most recent such study,[26] conducted by an independent agency in 2018, gauged awareness, perceptions and advocacy amongst stakeholders (content providers, distribution partners, government and industry representatives, as identified by NZ On Air). The report found that most stakeholders

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[24] NZ On Air, Annual Statement of Performance Expectations, 2018-19, https://d3r9t6niqlb7tz.cloudfront.net/media/documents/Statement_of_Performance_Expectations_2018-2019.pdf

[25] NZ On Air Annual Report 2018, https://d3r9t6niqlb7tz.cloudfront.net/media/documents/FINAL_NZOA_Annual_Report_2018_v11.0_for_print_reduced.pdf

[26] https://d3r9t6niqlb7tz.cloudfront.net/media/documents/NZOA_Stakeholder_report_for_external_publication.pdf

supported and said they would advocate for NZ On Air; nearly nine in ten agreed it fulfilled its purpose to fund diverse media and reflect New Zealand society. More than 90% of stakeholders felt they understood what was involved in applying for funding, delivering a project and entering into a contract. The scheme's criteria were less well regarded, with 66% feeling they were appropriate and the same proportion feeling that NZ On Air uses it funds for the right kind of content. Those who disagreed felt more funding should go to newer creators and to digital content.

4.5. Observations

NZ On Air is a good example of a public body which has a long track record of allocating funds to commercial and public service media, according to defined objectives and clearly specified criteria. It also provides some comfort that clear and effective accountability and reporting processes can be devised for such bodies. It also demonstrates how public funding can be made dependent on ensuring wide distribution and consumption of the content funded and can be used to increase leverage by encouraging co-funding of investments. While much of NZ On Air's funding is directed at individual projects (rather than more general subsidies), it has also been open to more substantive investments or partnerships – for example the recently announced innovation fund with Radio New Zealand.

5. Sound & Vision, Ireland

5.1. Purpose and scale

Sound & Vision (S&V) is a scheme set up under the 2009 Irish Broadcasting Act to make available 7% of net TV licence-fee proceeds ("The Broadcasting Fund") to fund new TV and sound broadcasting programmes which are based on Irish culture, heritage and experience. The funds are distributed via a contestable application process, as in the NZ On Air model, but applications can be made by both programme producers and by broadcasters. Ireland also has a public service broadcaster, RTÉ, which receives direct licence-fee funding and some commercial income, so the S&V scheme was partly established to provide more diversity in content creation in a sector previously dominated by a single producer/broadcaster.

The scheme now makes available around €15m a year of funding, and it is administered independently of government by the broadcasting regulator, the Broadcasting Authority of Ireland (BAI)[27].

The original legislation makes reference to Irish language, diversity, heritage, local and community matters, and adult or media literacy as objectives of the scheme, and the BAI's published guidelines give more detailed examples of the types of programming content which might be eligible for funding. In essence, funded programming should be content which has clear public value and which would be difficult to make commercially without additional support.

5.2. Eligibility

The scheme is organised in a number of rounds. For example, the BAI announced in 2017 that there would be a three-year funding period for S&V Three, organised into 7 funding rounds, with 2-3 rounds a year. Each funding round would release around €5m in funding, and the focus of each round would be announced in advance. Although most rounds are open for generic programming categories (e.g. factual, drama) some have been used for a more specific focus.

Applications can be submitted to the BAI by television or radio broadcasters or by independent producers. Funding will only be granted to programmes which will be broadcast by an eligible broadcaster – such eligibility being defined in terms of universal availability (for TV) and free to air.

Additionally, applicants must show that the programme or content will be broadcast at peak times (with some specific exceptions e.g. for children's programmes) and make provision for subtitling. Material must also be available after broadcast via an on-demand service. A broadcaster's letter must be presented confirming that these criteria have been met.

[27] See Introduction to Sound & Vision 3, Broadcasting Authority of Ireland

Funds are allocated roughly 85% to TV and 15% to radio content, and up to 95% of the eligible costs of the programme can be funded. Applicants must now use an online application portal.

5.3. Allocation and governance

A small team within the BAI is responsible for running the S&V scheme and making the allocation decisions. There are four stages[28] in the process:

Preliminary evaluation: its focus is to ensure that the applicant is eligible, and all minimum criteria have been met. For example, documents presented at this stage must include programme specification, budget, finance plan, letter of broadcaster commitment, other funding commitments, CVs of key personnel, scripts and running orders etc.

Qualitative assessment: each application is then assessed in the context of the scheme's overall objectives and specified evaluation criteria, which include does the programme further the scheme's objectives and deal with a specified programme theme?, quality of the proposal, additionality (does the content add to the range of viewing options for audiences in Ireland?), use of relevant partnerships, available resources, value for money, and track record.

For this stage, an assessment panel is convened, consisting of one BAI staff member and two external assessors drawn from a list of "independent assessors", selected for their relevant programme-making or broadcasting expertise, to offer their views on the merits of each application. Each internal and external assessor makes an independent review of the application and then the panel meets to agree a collective judgement. For example, for Round 32 of S&V3, there were 222 applications, which were assessed by 15 separate panels, taking between 11 and 16 applications each.

Strategic assessment: if there are more qualifying applications than funds available, the BAI staff hold a second evaluation phase which focuses on getting the right mix of funded projects across the round.

Formal ratification: The Authority, in the form of its independent members, will then ratify or otherwise the decisions put forward by the BAI staff.

To date, this process seems to have worked reasonably effectively in delivering a diversity of funded content to audiences and in a manner which demonstrates due process to stakeholders in a transparent and systematic way. Funding decisions are quite distant from the Government and are subject to the independent contributions of experts who are unconnected with either government or the Authority itself.

Periodically, the BAI is obliged to report to the Government on the operation of the scheme, by commissioning an independent consultants' report on its operation, effectiveness and impact (see

[28] As set out in the BAI's guide for applicants, 2016

below). The most recent of such reviews has just begun. To date, successive reports have noted the overall effectiveness of the scheme, but have identified some operational shortcomings, including:

- Avoidable levels of bureaucracy in the evaluation process
- Lack of flexibility in some eligibility requirements
- Scope for better focus of some of the funding rounds
- Better debriefing of unsuccessful applicants.

The BAI has accepted some of these and has used its online portal to help facilitate the application process. More widely, the current review of the scheme is expected to examine the case for widening its scope to cover online as well as broadcast media, and perhaps streamlining the long list of objectives originally set for the scheme.

5.1. Approach to evaluation

The BAI conducted its review of the second Sound & Vision scheme in 2012-13.[29] It commissioned external consultants, Crowe Horwath, to conduct the review, which was a substantial exercise, lasting ten months and including extensive stakeholder engagement, interviews with staff, an online survey of scheme applicants and audience research. Crowe Horwath took the following approach to the requirements specified in the Act:

- **Impact**: the review considered impact from different perspectives (the production sector, wider economy, broadcasters and audience). It assessed the economic impact generated by the scheme, both directly and as a means of building capacity and unlocking additional funding; measured the financial benefit to producers and broadcasters; and surveyed audience attitudes to the concept of public funding for independent production of Irish content. However, it did not seek to measure the level of consumption of content funded by the scheme nor assess a counterfactual

- **Effectiveness**: the review assessed whether the scheme's objectives (production quality, support for the Irish language, additionality, diversity, recording Irish heritage, local and community broadcasting, media literacy and awareness/understanding of global issues) had been achieved. It considered whether the scheme was sufficiently flexible and whether all stakeholders had been effectively engaged by it

- **Operation**: the review explored the administrative burden of the scheme on applicants and the BAI. This included a detailed review of the processes by which grants were awarded, considering their efficiency, flexibility, openness, transparency and fairness. It considered the scope for targeted funding rounds to reduce the burden on the Authority and provide greater clarity to applicants, and the potential to move to a 'weighting and scoring' system

[29] These reports are no longer available online, but we have conveyed our understanding of the main findings based on our general knowledge of the Irish media sector.

for evaluating applications – although the BAI considered that this would be complex and risked increasing, rather than reducing, administrative burden.

The evaluation was primarily qualitative and based to a significant extent on the views of stakeholders (both through individual in-depth interviews and the online survey). The audience research was limited to six focus groups in three different locations.

The process review comprised interviews with BAI staff, an assessment of the scheme's processes, examination of a sample of applications and discussions with stakeholders.

Crowe Horwath's review was submitted to Government along with the BAI's response. The BAI's response discusses the trade-off it faces, as the funding body, between flexibility, administrative burden and its accountability for the fair and appropriate use of funding. It argued that more flexibility could be provided to stakeholders; this could provide greater scope for the Authority to set priorities and make operational changes outside the EU approval cycle and be less prescriptive about some elements of the scheme's rules and processes.

The BAI subsequently published a further Explanatory Memorandum which explained its proposals for Sound & Vision 3 in light of the review of Sound & Vision 2. It described changes that had been proposed to increase the BAI's flexibility when implementing the scheme, including removal of some categories of funding, a more flexible approach to the types and broadcasting of content that would be considered for funding, a shorter application and assessment process, and an opportunity for applications to be made outside structured funding rounds.

5.2. Observations

The Irish S&V scheme is similar in many respects to the NZ On Air model, and likewise provides a good working example of a systematic and transparent approach to the provision of public funding to A/V content providers. It shows that public investments can be channelled effectively into very specific projects (rather than programmes or general subsidies). We observe, though, that given the focus of both schemes on allocating funds to individual projects on a contestable basis, the administrative costs may be higher than schemes which channel support to a smaller number of recipients on a longer-term basis.

6. Foundation investment in US journalism

6.1. Overall framework

Our phase 1 report provides an overview of the scale and structure of philanthropic funding in the US. Most foundation funding comes from a relatively limited number of major foundations, for most of which, journalism is a relatively small part of their overall funding activity. As explained by the American Press Institute[30], a range of journalism is supported:

- Investigative and in-depth journalism from organisations such as ProPublica, The Center for Investigative Reporting, and the Center for Public Integrity

- Reporting and analysis of specific interests and topics, such as that covered by InsideClimate News (climate change) and the Marshall Project (criminal justice) – sometimes described as in-depth "verticals"

- Local news coverage by individual not-for-profit organisations such as the Texas Tribune and Voice of San Diego, or networked local news across a number of not-for-profit providers

- Partnerships with commercial news outlets (but to date relatively limited, as issues arise around tax treatment of such contributions).

The uses to which philanthropic funding is directed, and the methods by which it is allocated, are diverse and often not explicitly stated by the foundations involved, except in very general terms (e.g. support for civic democracy, support for local communities).

A recent American Press Institute survey suggests that:

- There are few written guidelines within recipient news organisations about how to seek and account for philanthropic funding, or within foundations about their approaches to fund allocation and evaluation

- About half of such funding is made by foundations for reporting of issues about which they are trying to change policy or public behaviour

- Foundations can often be quite specific about the journalism they wish to underwrite (for example, specific projects or investigative inquiries)

- Most require the use of agreed metrics to assess the results of their funding (for example, at least in terms of web traffic to articles or social media activity)

[30] American Press Institute, Guidance on Philanthropic Funding of Media and News, 2017

- The majority of not-for-profit news providers using foundation funding rely on those foundations for over 50% of their funding, showing how important this source has become, and will typically access 2-10 donors each year (in addition to seeking private donations from individuals or other donors).

The API says that there is little evidence of explicit editorial review of journalistic output by donors, and in general recipients are transparent about the sources of their funding (for example by identifying funders at the end of individual pieces of journalism). However, they recommend[31] that philanthropic funders should adopt and publish clear guidelines which would help sustain public trust in foundation-funded journalism, which include:

- High levels of public transparency

- Clarity about the objectives of funding and how results will be measured

- Commitment to editorial independence.

They also note that where possible news providers should avoid dependence on a sole underwriter of their activities or output.

6.2. Support for local news

The Shorenstein research into philanthropic funding, which covered 2010-15, provides an overview of investment in local and state not-for-profit news[32]. Over the period reviewed, around US$80m was allocated to state/local news funding, 40% of which went to state/local public affairs news sites, 16% to local/state news collaborations, and 12% each to local investigative reporting and subject specific verticals. The Shorenstein report and others have noted that this funding tends to have been concentrated in a few cities/states, with 10 receiving 82% of total grants. 25 foundations accounted for two thirds of all support, with the Knight Foundation providing 20% of this local investment.

The Knight Foundation[33] in February 2019 announced a further focus on local news, doubling its investment to US$60m a year over the next 5 years, and calling on other foundations to follow suit. It states its overall aim as being "to find a different collaborative, digital, local way to reliably inform Americans by supporting national organisations working in partnerships on the local level".

The main channels for this funding will be:

- American Journalism Project – grants to local, not-for-profit civic news organisations to support their long-term sustainability (US$20m)

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[31] API, Guiding Principles for Funders of Non-profit News, 2017
[32] Shorenstein Center, Funding of news 2018
[33] Knight Foundation, Building the Future of Local News, 2019

- ProPublica – to advance partnerships with local news organisations to strengthen investigative reporting and data-driven reporting (by strengthening ProPublica's existing local journalism network) – US$5m)

- Report for America – placing journalists in underserved local newsrooms around the country and train the next generation of journalists (US$5m)

- Knight-Lensfest Local News Transformation Fund – to support digital transformation of local newsrooms, and a shared resource hub for local news organisations. (US$10m)

- Reporters Committee for Freedom of the Press – expand the number of lawyers working on local issues and providing support to local newsrooms (US$10m)

- Research Centres – to be established around the US to study the changing nature of and needs of an informed society (US$35m).

If nothing else, this programme provides a good "long-list" of the types of initiative that governments and foundations around the world might consider when examining options for the support for local public interest journalism.

Beyond the Knight Foundation's programme, there are many case studies of emerging models of foundations' support for local news in the US[34], a full account of which is beyond the scope of this brief review. The following give a flavour of some of the more collaborative approaches:

Institute for Non-Profit News (INN)[35]: this is a network which now has 180 not-for-profit members across the US, with 3000 staff and annual revenues of US$350m collectively. The INN itself directly distributes around US$5m a year to support journalism, training and new technologies among its local partners, and receives support from 10 main foundations. It also acts as "fiscal sponsor" for news organisations which have not been cleared by the IR for tax deductible status, so allowing them to benefit from foundation funding.

Solutions Journalism Network[36] (SJN): this network helps support journalism focused on social problems, how they are being tackled and how to strengthen public engagement. It was supported by the Einhorn Family Trust to grow its national reach but now coordinates a number of key local projects:

- With funding from the LOR Foundation, it helps support local news organisations in the Intermountain west to report on how local communities are facing up to and solving important issues. The organisation has in two years enlisted 50 media outlets across the region to produce hundreds of news stories.

[34] For example, see the case studies mentioned in the Shorenstein Center report on Funding Journalism, Finding Innovation, 2018
[35] About the Institute for Non-Profit News
[36] About the Solutions Journalism Network

- With support from the Knight Foundation (US$150k) it has set up a nine-member collaborative news operation based around Charlotte NC, which will in its first year focus on reporting of the area's affordable housing crisis. Members include the Charlotte Observer, WCNC-TV and QCity Metro.

- With local organisation Resolve Philadelphia, and local media partners including the Philadelphia Inquirer, it has established an initiative called "Broke in Philly" to report stories on economic inequality in the Philadelphia area.

<u>California Endowment and Youth Media Hubs</u>: The California Endowment, the state's largest health charity, has invested in "youth media hubs" which provide training for young journalists, create websites with local content and identity, and encourage civic involvement of youth and residents in each area. Largely staffed by volunteers, 14 hubs are now up and running, and benefit from networked support, experience and stories, as well as operating individually.

<u>Philadelphia Inquirer:</u>
This is the first major example of an existing large US city newspaper adopting a new ownership and funding model, which has involved a transfer of assets to an existing charitable foundation, the Philadelphia Foundation.

The Inquirer has a long history, but in recent years had been losing readers, revenues and journalists. Successive owners had failed to find a sustainable business model. In 2016, the then current owner, Gerry Lensfest, transferred ownership of the entire group (then known as the Philadelphia Media Network, PMN) to a subsidiary of the Philadelphia Foundation, a local charitable foundation established in 1918. This subsidiary, TPS Special Assets Fund, is charged with managing illiquid assets on behalf of the Foundation. In what is a complicated arrangement, we understand that PMN still operates on a for-profit basis, but as a "public benefit corporation" so that any profits are channelled to the non-for-profit Special Assets Fund, and hence to the Foundation. Also, the newspaper's directors can, with their new ownership status, pursue public interest goals alongside profits.

In parallel, Lensfest gave an endowment of, initially. US$20m to set up what became known as the Lensfest Institute for Journalism, with a wider brief of finding sustainable long-term business models for local journalism. This in turn has prompted further donations to the Institute. Funds from the Institute could also be used to support investments in the Philadelphia Inquirer and its associated outlets, which are described as a test-bed for new ideas, but not if used purely to cover existing operating losses. It has been speculated that this approach was taken (i.e. transferring assets to an existing charitable foundation) to avoid potentially long and drawn out negotiations with the IRS over the tax status of both the news group and the new institute.

Some see this model as offering promise for other city and local news groups in the US. Others note the complexity of the process and also argue that it does not tackle the long running financial problems of the Inquirer itself, other than perhaps to remove some direct short-term financial pressures from management. The industry is watching the outcomes with interest, although it will take some time for clear results to emerge.

6.3. Approaches taken to funding decisions

Most large foundations interested in investing in journalism publish an outline of their approach and grant guidelines on their websites but provide little detail on how the decision-making process actually works. As noted above, they tend to have clear views about their overall purpose and agenda and will tailor funding of journalism to be consistent with those aims - many still prefer to invest in very specific projects rather than the provision of general support – the Knight Foundation being one of the key exceptions.

A typical example is given by the MacArthur Foundation, another major supporter of journalism.

Their media and grant guidelines[37] explain what they fund and their overall approach to evaluation, while making it clear that they are not (currently) accepting unsolicited proposals – suggesting they prefer to pursue a predetermined strategy rather than wait for proposals to be put to them.

What MacArthur funds

The guidelines state that they provide support in three main areas:

- Professional non-profit reporting
- Nonfiction multi-media storytelling
- Civic media by individuals and groups

In journalism, they aim to:

- Foster strong organisations that create and disseminate journalism
- Address barriers to independence or which limit diversity of journalism
- Promote widespread dissemination of and engagement with independent media
- Accelerate learning and innovation that advances production, dissemination and engagement with journalism

Specifically, they will fund:

- National non-profit journalism that pursues explanatory, investigative and/or international reporting
- National organisations that address the legal, safety and security challenges faced by journalists
- Organisations and activities that support the infrastructure for and contribute to learning and innovation in non-profit journalism.

[37] MacArthur Institute, Journalism and Media Grant Guidelines

MacArthur approach to evaluation

MacArthur places great stress in its published guidelines on evaluating the impact of its funding and has an "Office of Evaluation" to support the executive and Board. Among the factors considered are notably:

- Outcomes – defining desired outcomes and measures, and then tracking them carefully
- Impact – defining the measurable impacts sought for and tracking performance against those indicators.

In common with other Foundations, we have not found any published detail on how the Board selects the organisations or projects which they will ultimately support, but, like others, they do report annually on projects funded and give some indication of their outcomes and impact.

6.4. Observations

Foundation funding in the US shows that a range of imaginative approaches can be taken to investing in at-risk journalism, and that collaborative models which bring several participants together to share funding, resources and the content produced can have effective results. The Knight Foundation programme of work in support of local journalism contains several examples of the range of initiatives which might be considered in any public or philanthropic venture with similar aims.

Other features of US philanthropic funding provide less conclusive lessons: while funding objectives are often clear, the processes by which recipients are chosen and funds allocated are not always as transparent; while funders' preference for clear and measurable outcomes can be beneficial, it might also disadvantage journalism which is less issue-driven, or is less related to addressing specific social problems and challenge; a focus of funding on a relatively small number of recipients may help build skills and resources in those organisations, but may exclude a wider diversity of perspectives.