

Independent Future Fund for Journalism

Proposal by Andrew Jaspán as [REDACTED]
[REDACTED] submitted on 29 March 2019.

The Problem

The erosion of the advertising-led revenue model and the emergence of digital platforms as the dominant force in 'digital dollars' has left Australian journalism struggling to find new revenue sources and having to cut costs.

More than 3,500 jobs have left the industry over the past nine years. Further, with the disappearance of Fairfax into the Nine Entertainment stable, there is now even greater concentration of media ownership. And a lack of political and cultural diversity. The remaining journalism resources are stretched thin leading to an increasingly superficial service with a primary diet of footy and crime.

The result is an under-resourced and under-performing Fourth Estate. That means journalism less able to deliver on its critical watchdog role for society and its citizens. That market failure is in essence a democratic deficit — and requires radical thinking to be fixed.

Where is the money?

The last publicly available records show that in 2014/15 Google booked \$3.5bn revenues from its activities in Australia.

<https://www.afr.com/business/media-and-marketing/advertising/google-books-3b-in-gross-australian-revenue-facebook-hit-with-31m-ato-charge-20180430-h0zg0c>

In 2016, Facebook booked AU\$492 million in revenue from its Australian customers from its Irish and American offices.

<https://www.zdnet.com/article/majority-of-facebooks-australian-derived-revenue-is-booked-overseas/>

Because Google and Facebook manage their sales teams and invoice from overseas (Singapore, Dublin, etc) the ATO currently does not require the tech giants to disclose the revenue it books overseas from local clients.

However, the European Commission is currently proposing that companies with significant digital revenues in Europe pay a tax on their turnover.

Google and Facebook will not invest directly in hiring journalists. They want to protect their legal status as "conduits of information" rather than as publishers, meaning they have limited responsibility for what appears on their sites. For that reason, they invest instead in supporting technical and advertising services for publishers.

Note: This was confirmed during my visits to Google's London HQ and Facebook's New York HQ in February this year.

For example, Google allocated €150m for European publishers, the *Digital News Initiative* (DNI), to be spent on technical developments such as improved search, improved data and metric reporting, support from its servers, access to Gmail and Google Cloud, and advertising support through AdWords, etc.

Note: €150m represents about 30 hours' worth of Google's global revenues.

The proposal:

That a "social licence" or "community levy" be placed on the gross revenue turnover of the digital platform operators in Australia to fund public interest journalism. The funds raised to be invested in the suppliers of news and journalism in Australia to hire reporters, editors, production staff and back office support.

This mechanism releases Google and Facebook from investing directly in journalism staff, removes the liability and responsibility of being a publisher, and avoids any risk to their legal status as "conduits of information".

If a nominal 10% was levied on the \$4bn combined sales turnover of Google and Facebook, that would yield \$400m pa. At an average pay rate of \$100k pa per Australian based journalists, that would allow the funding of an additional 4,000 journalists, production staff and editors.

(Note: the turnover of both companies is increasing exponentially every year. So at 10% of turnover their revenues could well grow from \$4bn to \$6bn within a matter of years. The Future Fund for Journalism would receive annual receipts growing from \$400m to \$600 million.

The revenues raised must be ring-fenced and entirely vested in a new (say) **Independent Future Fund for Journalism** (IFFJ) which would seek applications from existing and new entrants to fund journalists for content creation and production.

The Australian community would directly benefit through the media providing consumers with a much richer, deeper and more diverse service. Those 4,000 journalists could be directed towards the areas of particular market failure (and watchdog journalism) through the reduced or poor quality coverage of:

- Town Halls
- Courts and police rounds
- Regional (bush) coverage
- Specialist reporting (the health, education, transport, environment, arts and other rounds)
- Federal and State Parliaments
- Foreign Correspondents
- Community and multicultural/diversity matters
- Investigative journalism
- Specialist business and sports coverage

The ABC and SBS would be eligible to apply for funding for journalist staff.

For discussion:

Funds need to be directed towards on the ground “front line” journalists along with “back office” editors, production staff, plus staff with professional and technical competencies to produce multimedia (cross platform) for online, print, podcast, broadcast and other media.

A possible allocation of the 4,000 jobs might be along the lines of:

25% earmarked for 1000 “front line” regional and rural community reporters, photographers, production journalists and editors;

10% for 400 Parliament, Town Halls/Council, courts and police,

30% for 1600 specialist journalists (see rounds above)

10% 400 investigative journalists

25% for 1,000 “back office” editing and production jobs (see above)

Note: The ABC and SBS would be eligible to apply for funding for journalist staff.

Governance

The Independent Future Fund for Journalism (IFFJ) could be established as a Trust or Public Ancillary Fund (PAF) under ATO rules. It would enshrine the principles of an independent entity.

The Board would be drawn from the wider community and to include those with relevant specialist knowledge and practice from industry, media, university/education, and other NGO and public focused entities.

Membership would be based on expertise not on political patronage.

Quotas would allow for broad community representation. Membership terms would be limited to (say?) four years.

Application and allocation of funds:

An “Applications and Allocation Committee” would allocate funding to media players both established and for new entrants.

A formula would be established and applied objectively, with minimum discretion in allocations amongst outlets.

The formula would place a cap on the total proportion of the funds allocated to a single corporate entity. The cap would relate to the national allocations to the entity, and to allocations related to public interest journalism in each of a number of defined regions. The regional definitions would recognize the value of providing separate effort in each State, and the different interests of metropolitan and rural and provincial parts of Australia.

Public service tests would be applied to each allocation.

Acceptance of funding would require binding commitments by each grantee to the highest standards of journalism integrity, codes of conduct and reporting without fear or favour. That requires fairness, fact-checking,

and correcting mistakes in a timely manner. With an overall requirement for non-partisan reporting.

The grants would continue so long as the funds were being allocated to the purposes for which they were allocated.

Andrew Jaspan / 29 March 2019

RMIT University, Melbourne

Andrew.jaspan@rmit.edu.au

