

## AUSTRALIAN ASSOCIATED PRESS RESPONSE TO THE ACCC DIGITAL PLATFORMS INQUIRY ISSUES PAPER

### 1 - EXECUTIVE SUMMARY

1.1 Australian Associated Press (“AAP”) welcomes the opportunity to submit a response to the ACCC Digital Platforms Inquiry Issues Paper.

1.2 The Issues Paper poses a number of questions into the impact of digital search engines, social media platforms and other digital content aggregators on the state of competition in the media industry, in particular in relation to the supply of news and the implications for media content creators and consumers.

1.3 AAP’s primary view is that the introduction of digital search engines, aggregators and social media platforms has changed forever the commercial dynamics of the media industry, having a detrimental impact on AAP, as well as its subscribers (which are also AAP’s primary revenue sources). Ultimately the impact is a poorer information service to Australian news consumers.

1.4 Digital search engines, aggregators and social media platforms are taking revenue away from news content creators like AAP and its subscribers by offering content created at great expense by AAP and other media organisations to consumers for little or no return to the content creators. This has resulted in less revenue to fund quality journalism and costly public interest coverage of local courts, as well as regional and rural news. It has also given the impression to many younger news consumers that digital content should be freely available when in fact the creation of quality news is an extremely expensive exercise. As of Friday April 13, 2018, AAP employed more than 200 editorial staff. Salaries alone cost more than \$20 million before costs such as office and equipment as well as coverage of expensive news and sports assignments around the country and around the world.

1.5 For AAP the changing commercial dynamics have resulted in the loss of clients, specifically broadcasters, who have cancelled AAP subscription services worth hundreds of thousands of dollars because, in the words of one TV media executive: *“We just google it”*.

### 2 - OVERVIEW OF AUSTRALIAN ASSOCIATED PRESS (AAP)

2.1 AAP has been an integral part of the Australian media landscape for almost 85 years, providing the foundation of news content for newspapers, radio news and talkback programs, television news and more recently the digital versions of all of the above, as well as new digital news arrivals to the national media market.

2.2 AAP was established in 1935 by 13 of the country's leading newspapers as a means of gathering news and information that could be shared. As a means to reduce editorial costs within these operations, the fierce competitors united to create an independent news resource they could trust to get it right, deliver it efficiently and without political bias. It was always intended to be a precious central news resource.

2.3 This remains true in 2018 however the media landscape has changed dramatically. Some of those founding newspapers are still AAP owners but they are in turn owned by diverse media companies. Maintaining a viable wholesale business in the current media climate remains extremely challenging.

2.4 Despite this, news from AAP remains independent, accurate, objective, balanced and completely free of political agendas, and it finds its way to all media platforms.

2.5 AAP's news comes in the form of words, images and video. AAP's news services are drawn from its own correspondents at home and abroad, as well as from some of the world's leading news agencies. This ensures a breadth of coverage which would not otherwise be available in Australia.

2.6 AAP currently offers more than 240 subscribers about 450-500 text stories a day across news, politics, finance and sport. AAP also offers upwards of 750 domestic images and more than 3,000 images from international partner agencies each day. And AAP produces upwards of 20 pieces of news video content each day. All of this content requires a great deal of expensive human and technical resources.

2.7 AAP's subscriber-funded content is published on the top 15 news websites in Australia, it is printed in major newspapers through metropolitan and regional areas, and it is broadcast across radio news bulletins around the country. More than a million Australians consume AAP's news each day in some format.

2.8 Outside of AAP's control, and for no commercial return, its content also surfaces on digital search engines, digital news aggregator sites, and on social media platforms. Through these platforms and sites, AAP's content also gets picked up by many of the nation's mainstream broadcasters who were once major subscribers.

### **3 - OVERVIEW OF CURRENT ISSUES**

3.1 AAP feels the ACCC should consider the impact on the Australian media of the following digital search engines, digital aggregators and social media platforms - Google, Facebook, Twitter, Apple News, Snapchat, Instagram as well as the possible future impact of organisations like Amazon.

3.2 AAP feels that all news content produced in Australia, as well as content produced internationally but targeted at and for Australians, is relevant to the inquiry.

This will allow the inquiry to investigate the impact of these digital and social platforms on all major media content creators in the Australian market.

3.3 The ACCC should also consider the decision by Google to invest \$US300 million on a range of news-related projects, including changes to its search algorithms to ensure that "authoritative" news sources are displayed first in its search results. What will this mean for Australian media organisations and publishers? While some media organisations may get a portion of this revenue, will AAP as a wholesaler, also be considered in any revenue distribution, considering how widely AAP content is used?

3.4 It should also be noted that the amounts the Digital and Social platforms commit to spending on "news projects" are not transparent and often include time spent by expensive Google and Facebook engineers. These "news projects" often create extra benefits for the likes of Facebook and Google which have access to the data and results from the projects for themselves and/or they charge publishers for access to the research, such as "Subscribe with Google".

3.5 The ACCC should also consider the impact of poor data security by digital and social platforms considering recent breaches, namely Cambridge Analytica accessing an estimated 87 million Facebook users' data via a third party app, enabling the company to develop software to specifically target users for political and financial gain. This data harvesting occurred in 2015, with Facebook failing to alert users of the failings until 2018. What has happened since? Also how secure is data around access and use of third-party news content on aggregator and social platforms?

3.6 Point 3.9 also raises the issue of digital and social platforms not providing Australian media organisations with access (or allowing only limited access) to their readership data and algorithms on news searches. In dealing with digital and social platforms, AAP's experience is that the Terms and Conditions that digital platforms offer to media content creators are too restrictive and non-negotiable.

3.7 The ACCC should also consider the impact of digital aggregators, search engines and social platforms on the Australian news consumers. The proliferation of news on search engines, aggregation sites and social media platforms over the past five to ten years has given consumers the impression that news is cheap or free and easily available, when in reality it is actually expensive and often difficult for news content creators to produce. This impression will only grow over the coming years.

3.8 Ultimately this new industry paradigm has resulted in less revenue to serious news creators to fund quality journalism and costly public interest coverage of issues like local courts, as well as regional and rural news. It has also given the impression to younger news consumers that digital news content should be freely available when in fact the creation of quality news is an extremely expensive exercise. As recently reported in an article in Le Monde "*[t]oday most consumers, especially young people,*

*have lost the habit of paying [for] what they consider an acquired right. They consult social networks on their mobile phone or computer and have immediate access to the biggest media, their alerts about the latest news flashes as well as their analysis and investigative reporting. This access to free information is one of the supposed greatest victories of the Internet, which many MEPs and governments are willing to defend tooth and nail in the name of the noblest democratic principles. But behind the rhetoric, free is a myth.”*<sup>1</sup> For AAP specifically the changing commercial dynamics have resulted in the loss of clients, specifically broadcasters, who have cancelled AAP subscription services worth hundreds of thousands of dollars because in the words of one TV media executive: “We just google it”.

3.9 Another impact on consumers from the surfacing of news on digital aggregation sites and social platforms is the development and proliferation of “fake news”. Many news consumers struggle to differentiate between the real news created by serious news organisations and “fake news” that is proving damaging to society in general. One reason for this is the flattening of news design where many sites present news and fake news in similar ways. This brand flattening makes it harder for news consumers to differentiate between real and fake news, and determine the true source of the news because digital presentation is so similar across platforms.

3.10 AAP also wishes to draw the ACCC’s attention to the fact that as a news wire agency, even though AAP is at the heart of news reporting, our fate and health is directly dependent on the fate and health of our media customers. AAP believes that the ACCC should consider the approach being taken in Europe where the CEOs of nine major news agencies are calling for internet giants to donate more of their revenue to the media that delivers content to them. They have called on the European Parliament to carry out a draft copyright directive that would introduce a neighbouring right for the benefit of publishers and news wire agencies. They contend that this directive would *“correct the imbalance of those who invest in the production of information, be they publishers or the news agencies that feed them news. And it would allow the sustainability of a reliable and complete information production, without appealing to the taxpayer”*.<sup>2</sup>

3.11 A major expense to media content creators is the legal requirements and diligence applied to quality news content. Facebook constantly articulates that its goal is to become the largest media in the world, *“yet neither Facebook nor Google have a newsroom, national or international network of production and information gathering. They do not have teams in Syria that testify at the risk of their lives. No permanent office in Zimbabwe to investigate Mugabe’s departure. Not a freelancer in*

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<sup>1</sup> “In terms of information, free education is a myth”, Le Monde, 13 December 2017 by Emmanuel Hoog (CEO of Agence France-Presse), Peter Kropsch (CEO of the German agency DPA), Clive Marshall (CEO of the British Press Association), Jose Antonio Vera (CEO of the Spanish agency EFE), Giuseppe Cerbone (CEO of the Italian Ansa agency), Jonas Eriksson (CEO of the Swedish TT Agency and President of the European Alliance of news agencies), Clemens Pig (CEO of the Austrian APA Agency), Marcel Van Lingen (CEO of the Dutch agency ANP) and Patrick Lacroix (CEO of the Belgian agency Belga).

<sup>2</sup> “In terms of information, free education is a myth”, Le Monde, 13 December 2017.

*Cameroon or Burma. Not a videographer [or] a photographer. No newsrooms to plan, control, crosscheck, and check information sent by field journalists”.*<sup>3</sup> How do existing laws apply to digital aggregators, search engines and social platforms - who are not required to verify the news they publish on their domains? How do intellectual property laws and competition laws apply to digital and social platforms that act like publishers but take no responsibility?

3.12 Other legal issues with aggregators and social platforms involves corrections and legal “kills” or takedowns issued by content creators that are not reflected by search engines and not republished or removed on social media platforms.

#### **4 - CONCLUSION**

4.1 In conclusion AAP would like to emphasise the following key points on the impact of digital aggregators, search engines and social media platforms on the media industry and on Australian news consumers:

The commercial dynamics of the media industry have changed forever to the detriment of quality news content creators, including AAP and its subscribers, who have lost and are continuing to lose large amounts of revenue to these digital aggregators, search engines and social platforms;

- The impact of reduced revenue on quality news content creators like AAP and its subscribers is that fewer resources are available for public interest and socially responsible journalism;
- This has resulted in a poorer service for Australian news consumers who are faced with declining quality journalism and the rise of “fake news”; and
- There is a perception from the proliferation of news on search engines, digital aggregators and social media platforms that it is a cheap commodity, when in fact quality news creation is an extremely expensive operation.

4.2 AAP would be happy to appear before the inquiry at your convenience to elaborate on any or all of the above.

AAP

April 18, 2018

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<sup>3</sup> “In terms of information, free education is a myth”, Le Monde, 13 December 2017.