



## **Freedom Publishers Union**

### **Submission to Digital Platforms Inquiry**

*March 11, 2018*

Freedom Publishers Union considers the Digital Platforms Inquiry to be of great importance, which will act as an attempt of grabbing a snapshot of the current climate of Australian media and how it has been affected by the encroachment onto Australia media by numerous digital media distributors.

We believe that any information technology company that pursues distribution of digital media, news and information over the internet should be of interest to the Inquiry's goals. Primarily, we believe the Inquiry will naturally focus largely on the operations of Google and Facebook, simply due to the sheer scale of the company's combined market share, which can not be ignored and probably should be taken into consideration. However, we warn against making these two companies the sole focus and recommend that all other companies involved in the distribution of digital media, news and information also be considered.

The Inquiry must focus on the distribution models of the content that is under review as part of this Inquiry. It should not matter whether the content is created inside the borders of Australia or overseas. Its creation origins are not going to have any overall effect to the quality of journalism and news accessibility in Australia. It is the actual distribution models that will have the greatest effect.

Freedom Publishers Union prides on our publishing and pays particular attention to accuracy and fact checked information, which has been properly researched and processed through our strict editorial procedures. We believe if we can achieve this with a small amount of staff members which of most are volunteers, combined with absolute minimal costs and resources, then large media companies can achieve the same if the effort is made to resource them appropriately. If it is deemed that Australian media is failing to deliver quality journalism and news on digital platforms in accordance to the processes that we outlined, then the questions must be asked as to why it is not happening. To a large degree, cost savings measures constantly being refined are having a dramatic effect on allowable allocation of resources for large media companies to achieve this. This should be taken into consideration for this Inquiry.

In the Digital Platforms Inquiry Issues Paper, which has been accessed by Freedom Publishers Union prior to preparation of our Submission, it outlines the vast resources and platforms of distribution that Google has at the company's disposal. Google can effectively deliver digital media, news and information through its Search engine, Google News, Play Newsstand and YouTube. These are only the core platforms that Google can utilize. It must be understood that the company has much more potential than solely these platforms and it must also be taken into consideration how intertwined Google's services are. The company's extensive advertising network has very far reach and much dominance in the digital advertising sector.

Following on from the information on Google detailed in the Issues Paper, is profiling information on Facebook. Facebook is at a transition. The company was once primarily known as a social media company. It is now entering the field of media. Some industry analysts already identify Facebook as a media company. We identify Facebook as a fully established software company. As Facebook seeks to work out more ways to monetize its gradual, yet inevitable slide into the media sphere, its influence will also grow. Not too dissimilar to Google, Facebook also has a vast advertising network which is constantly expanding throughout its portfolio of software services including Facebook, Messenger, Instagram and WhatsApp. It has a lot of market share and has great potential to take even much more.

In our Submission, we do not wish to focus too much on Google and Facebook. But as smaller information technology companies and startups use these two giants as Silicon Valley role models, it gives some indication of the areas that smaller and more aggressive companies seeking to prove themselves will also begin to focus on as they also grow and look for new markets, potentially in digital media distribution.

To make any credible analysis on the quality of the distribution of digital media, news and information in Australia, Freedom Publishers Union believes that any argument should start the basic question of 'free versus subscription'. Nobody can deny that the word "free" grabs attention. It is within human nature that when we are offered two choices - free or paid - by our very human nature we will almost every time choose free. The issue of quality journalism, news and its accessibility is much more complex than just a simple choice of free versus subscription. On news, consumers must understand the difference between the two distribution models and understand what they sacrifice to get something for free and what they receive for their money when paying for subscriptions. Currently, public education is not so good and as a country, Australia must do much better at educating those who consume news, of any differences.

The argument was examined by us a little closer in September 2017 by our (former) Editor-in-Chief, who published a column on Freedom Publishers Union in which he poses the most obvious question, "why would you pay for news when you can still read it for free.". The opinion piece concludes that paying for news subscriptions is not only a sign of appreciation for quality journalism and the publication that publishes the piece, but it also goes a long way to supporting the Australian media industry. News generated by bots and other forms of artificial intelligence are accelerating the pace of which news can be distributed to consumers. This is having an overall negative effect on the quality of proper journalism through traditionally respected publications. It is putting great pressure on traditional publishers to follow suit and join the 'publish now and publish fast' revolution that has engulfed global media. At the very least, paid subscriptions go a long way to restoring the traditional model of journalism, eases the pressure to some degree and also restores confidence in traditional media agencies by giving assurance that their readers are willing to pay for quality journalism if it is produced. This is reiterated in the aforementioned opinion piece when it is said that if you "pay for news through subscriptions services, it not only has benefits for the media agency producing the news you consume", but "retains the quality of the journalistic efforts".

Google, Facebook and other information technology companies are not really content creators. The news and information delivered by their services are usually aggregated by the use of computer operated algorithms. These algorithms make it easy for these services to generate news summaries and headlines which grab the attention of the user. Often, data already held by these companies is also used by the algorithm to determine which news articles and stories are presented to the consumer and which are disposed as not relevant. Freedom Publishers Union believes this to be unfair as it does not give the consumer the complete offer of available news articles and stories. Naturally, the particular stories that will be shown will be based on personality traits of the consumer, which has been determined through the deep and often much too intensive personal data collection. It is by allowing these companies to collect and store your data and share it with advertisers and trade with data brokers, which makes these services free. When consumers agree to the terms and conditions upon signing up to these services, they are actually giving the companies permission to raid their personal information. This is not the sole fault of the consumer and is not a case of simply not reading the terms and conditions. They are usually very lengthy and written in very complex legal jargon which is not easily understood by the consumer.

Freedom Publishers Union believes that it is outright abuse of consumer habit to take advantage of their natural reaction to just click "Agree" and carry on with setting up their profile without thinking of the eventual consequences of what the company will do with the consumer's data and how the tweaking of the company's algorithms is performed to adapt to certain personality traits which results in presenting the consumer with a very limited set of news stories. It is having an effect on the quality of journalism and accessibility of certain stories which are not being offered the complete opportunity they deserve to have their creative works distributed to the widest audience possible across the networks of digital media distributors.

The result has been traditional publishers placing pay-walls onto their news websites. There is various models of accessibility in place with publishers. Some allow a set number of free articles before you are forced to pay for a subscription, while others will not let the reader view anything without a paid subscription. We believe that these pay-walls are not the best design for protecting quality journalism and retaining accessibility to as many people as possible. But we also completely understand that due to aggregation services effectively stealing the content from traditional publishers and integrating them into their own services which are delivered to their consumers for free, is both morally wrong and should be considered stealing.

To conclude, we return to five key points of matters to be taken into consideration, outlined in the Issues Paper and add our footnotes on each to summarize our position. Our position should be taken as general in nature and is not focused on any specific digital media distributors:

*i. the extent to which platform service providers are exercising market power in commercial dealings with the creators of journalistic content and advertisers;*

Freedom Publishers Union believes primarily due to the sheer massive scale and global market share, digital media distributors abuse their power through dominance of their services without regard to the wider effects on the quality of journalism and accessibility of digital media, news and information.

*ii. the impact of platform service providers on the level of choice and quality of news and journalistic content to consumers;*

The practices that are carried out by digital media distributors are not producing appropriate choice of digital media, news and information to the consumer. By offering targeted content, it is effectively impeding on any consumer choice and is making the choice for them.

*iii. the impact of platform service providers on media and advertising markets;*

It is clear that the free distribution model is not aimed at producing quality content for consumers. Rather, it is aimed at fast and targeted distribution which is further aimed at getting the consumer to click on targeted and selective content so the digital media distributor benefits from advertising revenue that is produced. If Australia were to have a majority subscription based media, then the advertising sector would remain unaffected by any large degree and consumers would see an increase in the quality of digital media, news and information.

*iv. the impact of longer-term trends, including innovation and technological change, on competition in media and advertising markets;*

If the current trends are permitted to continue, Freedom Publishers Union fears that consumers will see less choice and more targeted content distributed. This will undoubtedly have a flow on effect and force more traditional publishers into shutting down operations as their subscription models will not be allowed to grow at the same rate that free models can. This will unfortunately lead to much less proper journalism and lower quality digital media, news and information distributed. And consumers will see a dramatic increase in unreliable news and information produced by bots and other forms of artificial intelligence.

*v. the impact of information asymmetry between platform service providers, advertisers and consumers and the effect on competition in media and advertising markets;*

Taking all of the information, opinions and analysis that we have outlined in this Submission into consideration, Freedom Publishers Union remains certain that the eventual path will lead to less journalism, less quality publications, less revenue to produce it and make news and information unreliable and riddled with errors and unchecked claims.

Unless serious action is taken and reform is introduced by the Australian Government which can protect traditional media distribution models, which is effectively protecting the quality of journalism and guarantee their continued operations, Freedom Publishers Union can only conclude that quality journalism will drop back to just a few small independent publications and digital media distributors, that will remain dedicated to delivering services using the proven traditional media distribution models.

If this were to be allowed to occur, it would not be good for Australian democracy or the media industry.

*Amit Gautam – Spokesperson*