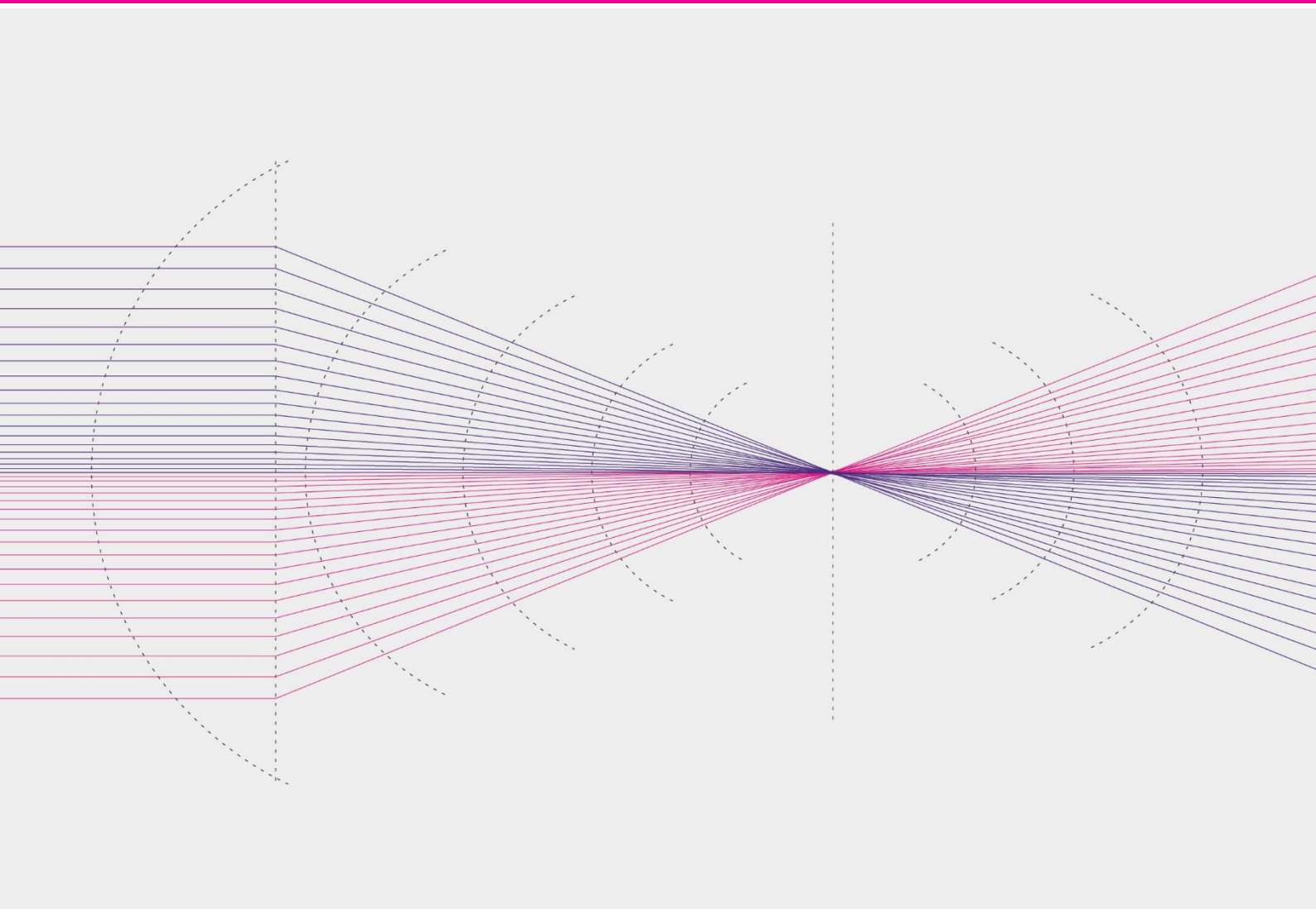




Research into recent dynamics of the press sector in the UK and globally

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About Plum

Plum is an independent consulting firm, focused on the telecommunications, media, technology, and adjacent sectors. We apply extensive industry knowledge, consulting experience, and rigorous analysis to address challenges and opportunities across regulatory, radio spectrum, economic, commercial, and technology domains.

About this study

This study for the Department for Digital, Culture, Media & Sport examines recent dynamics of the press sector in the UK and globally. The research objectives are: (A) to assess the relationship between local news consumption and democratic engagement, and (B) to review the different forms of government support, including subsidies, that the press industry receives in other jurisdictions.

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Executive Summary

This study by Plum Consulting for the Department of Digital, Culture, Media & Sport (DCMS) examines recent press sector dynamics in the UK and internationally. The two main objectives of the study are to: (a) identify and understand the relationship between local news provision and consumption and local democratic participation, and (b) to examine the different forms of government support (including subsidies) that the press industry receives in other jurisdictions.

The study was conducted in March to May 2020 and involved a review of publicly available information, relevant industry reports and academic studies, as well as analysis of local newspaper data supplied by the Joint Industry Currency for Regional Media Research (JICREG). The report provides a snapshot of the press sector at the time of writing. The UK press sector has been significantly affected by the outbreak of Covid-19 crisis that unfolded during the study, which has strongly exacerbated negative structural trends and placed increased pressure on already weakened publisher business models.

Plum's research has focused on three key areas: the current performance of the local newspaper sector across the UK; the relationship between local newspaper performance and local democratic participation; and the forms of government support for the press sector internationally. Performance of the national local newspaper sector, and its influence on national elections were out of scope.

Local journalism and democracy

Local journalism has a key role to play in civil society. The decline of the local newspaper industry, and resulting negative impacts on journalism, reduce scrutiny of democratic functions.

There are differences of opinion on the specific functions that journalism should be expected to play in liberal democratic society. However, there is general agreement that democracies can only function effectively where the public has access to enough information to make informed decisions in civic life. Therefore, the presence of journalism in civil society is vital to its functioning. Scenarios in which there is a reduction of news capacity are likely to be damaging, and the absence of journalism potentially catastrophic. The impact on communities by the removal or reduction of local newspaper coverage can be profound.

There are significant stresses arising from increasing commercial pressures on local newspapers' ability to perform their civic roles. The closure of local and regional news titles has led to underreporting and less scrutiny of democratic functions. The resulting strategic responses to commercial decline by the local newspaper industry have been found to have detrimental effects, particularly in rural areas. Looking ahead, challenging conditions for UK local and regional news publishers are likely to continue. There is no doubt that the Covid-19 crisis has already and will continue to have a significant impact on the future market structure, news provision and consumption – particularly for the local newspaper market and its ability to maintain the presence of local journalism.

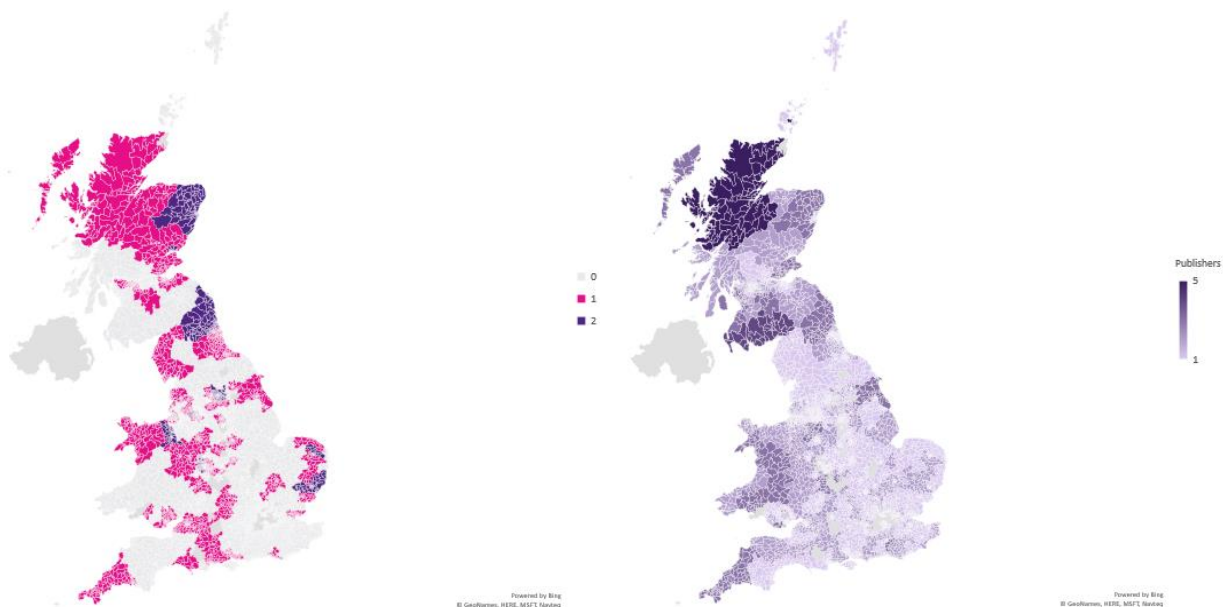
Local newspaper performance

Our analysis of local press performance is based on JICREG data, and focuses on local newspaper titles, reach and circulation across Local Authority District (LAD) areas. The purpose of this analysis is to provide a current snapshot to identify areas that are well or underserved by local newspapers and to illustrate general trends within the local newspaper industry.

Our key findings are outlined below.

- There has been significant decline of daily and weekly local newspaper circulation from 2007 to 2019. Our analysis indicates that average daily print circulation across all LADs in 2019 is at 31% of 2007 figures, while weekly print circulation in 2019 is at 39% of 2007 figures.
- The decline of daily local newspapers has been substantial, with a reduction from 209 of 380 LADs covered by a daily local paper in 2007 to 142 LADs in 2019 (once 'national' daily titles, non-local newspapers and newspapers with exceptionally low circulation and household penetration are removed from the LAD circulation data) – as shown in Figure 1 (left)
- In 2019, 223 LADs were served by a single publisher. We identify that 73 LADs were covered by multiple titles from one publisher, while 150 LADs were covered by a single newspaper (47 by a daily title; 103 by a weekly title). Figure 1 (right) highlights the variation in the number of local news publishers serving LADs across the UK.

Figure 1: Local daily newspaper titles (left) and local newspaper publishers (right)



Source: Plum analysis of JICREG data

Relationship with local democratic participation

A central objective of this study is to establish and understand the relationship between provision and consumption of local news and local democratic participation across LADs. We use local election turnout as our measure of democratic participation.

Our analysis indicates that local newspaper circulation and reach has a positive and significant effect on local election turnout over time, as shown in Figure 2. **In particular, the positive correlation between circulation and turnout remains present across our analysis; areas with higher levels of local newspaper circulation also report higher local election turnout.** We also find evidence to suggest that time invariant factors (such as

specific geographic or demographic factors that are not captured in the data) are important determinants of a LAD's local election turnout rate¹.

Figure 2: Key findings for local newspaper performance and local election turnout over time

Local newspaper measure	Change in newspaper performance	Impact on turnout rate
Daily circulation	A 1 percentage point increase in daily circulation amongst adult population	0.37 percentage point increase
Weekly circulation	A 1 percentage point increase in weekly circulation amongst adult population	0.10 percentage point increase
Local newspaper title	An additional daily or weekly local newspaper title	1.27 percentage point increase
Daily average issue readership amongst over-65s	A 1 percentage point increase of daily average issue readership by over-65s in terms of adult population	0.50 percentage point increase
Weekly average issue readership across all age groups	A 1 percentage point increase of weekly average issue readership across all age groups in terms of adult population	Direction (positive or negative) and strength of correlation varies across age groups
Average issue readership amongst C2DE readers (working class occupations and state pensioners)	A 1 percentage point increase in daily or weekly average issue readership by C2DE readers (working class occupations and state pensioners) in terms of adult population	0.31 percentage point increase for daily newspapers, and 0.09 percentage point increase for weekly newspapers

The main findings from the over-time analysis are:

- Local newspaper circulation has a positive and significant effect on local election turnout. In particular, we find that daily newspaper circulation – closely correlated with reach – is a stronger determinant of local election turnout than choice of local newspaper titles or weekly newspaper circulation.
- Local newspaper reach – measured by average issue readership – and its impact on local election turnout varies across age groups. Weekly readership by age group has a stronger influence on turnout than daily readership; this is perhaps caused by average weekly average issue readership (AIR) being higher than average daily AIR. However, it should be noted that these results do not fully explain variation by age group as we are unable to control for consumption of alternative news sources or variation in local election turnout across age group from other factors.
- Increasing daily and weekly newspaper reach amongst C2DE readers (working class occupation and state pensioners) increases local election turnout; this is not observed when ABC1 readers (middle class occupation) increases.

¹ We apply a panel data approach to allow us to exploit variation across local authority districts and over time. The key advantage of the panel data approach is that it allows us to control for unobserved characteristics of LADs that do not vary over time (such as geographic and demographic factors or perception of local council historical performance). We use quantile regression to examine determine the newspaper variables (such as circulation, reach and titles) affect LADs with different levels of local election turnout. The quantile the results appear to be substantially less reliable than our analysis that uses time variation.

Government press sector interventions in other jurisdictions

Around the world, there is a wide range of interventions that aim to support news media. .

Figure 3 summarises the main international interventions analysed, setting out for each scheme the mode of intervention, a short description and, where available, the support provided in terms of total funding and the number of organisations and projects supported.

The vector of funding is generally direct grants/subsidies or tax relief. Current schemes in Australia, France, the Netherlands and Portugal involve direct grants or subsidies. In contrast, Canada has developed an extensive tax incentive scheme, including tax credits for journalist salaries, special tax status with respect to donations for journalism organisations, and tax relief on consumer purchases of digital subscriptions. Furthermore, the organisations targeted for support vary by scheme. Most schemes have complex eligibility criteria which, for reasons of conciseness, are not included in .

Figure 3.

Activities supported by interventions fall into one of three main categories:

- **General operations.** The longest-standing newspaper subsidies in Austria and France support general activities, though in both countries more recent subsidy schemes target specific activities or initiatives.
- **Journalistic capacity.** In the Netherlands, interventions are directed at supporting journalism projects. In Canada, the Local Journalism Initiative supports the hiring of civic journalism reporters, while the Federal Government 2019 Budget Intervention provides a 25% tax credit for journalist salaries. In Austria, some subsidies are reserved for journalist training.
- **Innovation projects.** Australia, France and Portugal provide funding to help news organisations adapt to the changing media environment. Activities supported range from technology development, research, training and education, through to partnership development and coaching. This support is mainly oriented around digital capacity and skills.

In the context of the overall press sector, most interventions are relatively small in scale. For example, total French newspaper subsidies of €32.8m in 2017 represent about 1% of total newspaper industry revenues. To put this in perspective, GroupM estimates that newspaper advertising expenditure decreased by 5.9% in 2019². The subsidies are unlikely to hold back the tide of decreasing industry revenues. Although we do not have accurate data for other markets, we estimate that the support provided by interventions in Australia, Austria and the Netherlands is equivalent to less than 1% of newspaper revenues in each country.

² GroupM, Worldwide Media Forecasts, December 2019.

Figure 3: Summary of international press sector interventions

Country	Intervention	Main modes of action					Description	Support provided
		Journalistic	Innovation	Platform	General subsidy	Tax relief		
Australia	Regional and Small Publishers Innovation Package	•	•				Grants for regional and small publishers to help them adapt to the new media environment Grants to support journalist training and early-career placements.	A\$12.6m awarded in rounds 1 and 2, with 62 beneficiaries in round 2.
Australia	Recommendations from ACCC Digital Inquiry	•		•		•	Proposed Code of Conduct for online platforms, grants for local journalism, and tax categories to assist journalism.	Mandatory Codes of Conduct rather than the proposed voluntary code. Public consultation on draft codes to be held in July 2020.
Austria	Press Promotion Act 2004	• ¹				•	For nationals and regionals, general subsidies and funding for journalist training.	In 2019, €8.89m was awarded across 111 applications, of which <€1.5m was for training.
Canada	Local Journalism Initiative	•					Subsidy for hiring civic journalism reporters in underserved areas.	In 2019, 105 reporters were funded across 94 organisations - total C\$2m.
Canada	Federal Government 2019 Budget Intervention	• ²				•	Special tax status for journalism organisations – 25% tax credits for journalist salaries, tax-free donations; personal tax credit for digital news subscriptions.	Not yet available. The budget intervention was launched in 2019. Information about take-up and impact is not yet available.
France	Aid Fund and Pluralism Support					•	Aid fund/plurality support subsidies for departmental, regional and local dailies, weeklies and periodicals.	In 2017, €17.2m was allocated across these funds, but the local/regional subsidy data is not broken out.
France	Strategic Press Development Fund		•				Grants for technology, process or content innovation projects - and international development.	In 2017, €15.6m was awarded in 79 grants of which largest were to national daily newspapers.
Netherlands	Dutch Journalism Fund	•	•				Grants to support innovation, research, journalism projects and talent development.	In August 2019, the total budget allocated for a round of applications was €275,000.
Netherlands	Dutch Fund for In-depth Journalism	•					Grants for one-off investigative journalism projects and substantive research projects.	In 2018, the scheme funded 91 projects with a total value of €746,000.

Country	Intervention	Main modes of action					Description	Support provided
		Journalistic	Innovation	Platform	General subsidy	Tax relief		
New Jersey, USA	New Jersey Civic Information Consortium	•					Charitable corporation funding collaborations with universities for civic information, data, storytelling and research.	Not yet available. In January 2020, US\$1m was released, but grants have yet to be allocated.
Portugal	2015 State Incentive Scheme		•				Funding for local/regional media projects involving training, technology, digital, partnerships or education.	Not available. Lack of accessible information about allocated funding and project success.

Notes:

1 Journalistic capacity supported via a subsidy of training for journalists, not direct support.

2 Journalistic capacity supported via a tax credit on journalist salaries, not direct grant.

Key findings and conclusions

Below is set out a summary of the key findings and conclusions set out in this report. These are based on our research, analysis and the econometric work carried out. Our findings and conclusions cover:

- The current status of the UK press sector
- The relationship between local newspaper performance and democratic participation
- Our assessment of press sector interventions in other jurisdictions.

While the above was the primary purpose of the work carried out, the UK press sector has been significantly affected by the Covid-19 crisis that unfolded during the study. There have been several examples that we draw attention to in the report of interventions that have taken place as a result of Covid-19. There is no doubt that the Covid-19 crisis will have a significant impact on future market structure, news provision and consumption – particularly for the local newspaper market. The key findings set out below relate to the press sector's performance prior to the Covid-19 crisis, and we acknowledge that recent events will further exacerbate several of the negative trends observed.

Key findings

- **Importance of journalism.** Local journalism has a key role to play in civil society. The decline of the local newspaper industry and resulting negative impacts on journalism reduce scrutiny of democratic functions. This situation is unlikely to change without intervention.
- **Correlations between news provision, news consumption and local democracy.** Local newspaper provision and consumption has a positive effect on local democratic participation over time. Further erosion of local newspaper consumption is likely to damage this effect.

- **Shift to online.** The shift to online consumption of news makes life harder for local newspapers as it impacts circulation and advertising revenue. Newspapers have struggled to replace longstanding print-based advertising revenues with online incomes. Online news is consumed in a different way to print news, as exhibited by a wider diversity of news sources which are accessible at low cost. News consumption from social media platforms provides easier access to a range of UK and international news providers and specialists, and there is an increased prevalence of low-quality news and disinformation, and online news
- **UK market.** The UK local press market has an unequal distribution of titles and coverage. This irregular distribution is partly driven by easily identifiable factors such as urban status or proximity to a major urban area with the capacity to support a significant local advertising market. It results in areas with different susceptibilities to the further retreat of the local newspaper industry.
- **Market concentration.** The UK regional and local newspaper market is concentrated. There are dominant suppliers and questions around the impact of increasing concentration and the resulting reduction in plurality.
- **Interventions in the UK.** Interventions have taken place in the UK market but the approach to these has been fragmented. This is also an issue seen in other jurisdictions.
- **Interventions in other jurisdictions.** A diverse set of interventions have been seen and while inputs are defined, there has been limited evaluation of the projects supported. The scale of interventions is also small in terms of the industry. This makes it hard to assess the effectiveness of interventions and their suitability for the UK.
- **Future interventions.** Interventions should be well designed for local journalism and newspapers to provide a key input to civic society and democracy. It is key to understand the nature of the problem to be addressed, options for intervention, the causal chain from inputs to expected outputs and outcomes and the mechanisms underpinning these, and evaluation mechanisms.

1 Introduction

In 2018 the Secretary of State for Digital, Culture, Media and Sport launched an independent review into the sustainability of high-quality journalism in the UK. The review was chaired by Dame Frances Cairncross and the Cairncross Review was published in February 2019. The review made recommendations for government and industry on potential interventions to support the news publishing industry transition to sustainable business models as news continues to shift to online. The Government published its response to the Cairncross Review and its position on recommendations in January 2020. This report builds upon the response³.

The recommendations from the Cairncross Review cut across several of the issues covered in this report and the government has indicated that it is open to taking forward other areas of work in pursuit of a sustainable future for high-quality journalism. The government has also stated that it did not consider the Cairncross review to be an isolated project and that there is a need for consideration of journalism in the context of digitisation of the economy.

This study carried out research on the press market both in the UK and globally in line with the objectives set out below. The outcome of the study will contribute to DCMS forming a robust evidence base for future policy development.

1.1 Objectives

DCMS set two objectives as follows:

- A. Identify if there is any correlation between news provision, news consumption, and local democracy participation.

Show which areas of the UK have the lowest and highest levels of local news provision and local news consumption, as well as those which have seen the largest changes in these levels, using data from JICREG.

Test whether there is a significant relationship between local democracy participation and local news provision and consumption, across an appropriate and representative sample. Other factors should be identified and controlled for in the analysis.

- B. Explore the different forms of government support including subsidies that the press industry receives in other jurisdictions. DCMS is interested in the following information for interventions identified.
 - i. The rationale for the initiative's development, including a commentary on the problems it is designed to address.
 - ii. The duration and management of the initiative.
 - iii. Their efficiency at addressing the issues identified in the rationale.
 - iv. Where they are targeted (e.g. at promoting innovation, entrepreneurialism, plurality or at addressing a potential democratic deficit).

³ DCMS response to the Cairncross Review: <https://www.gov.uk/government/publications/the-cairncross-review-a-sustainable-future-for-journalism/government-response-to-the-cairncross-review-a-sustainable-future-for-journalism>

- v. Barriers to their implementation / success.
- vi. Where solutions either work together with or contradict / are incoherent with others in the market.
- vii. The wider potential of the solutions, if better supported.
- viii. An evaluation of the impact of the initiative.

1.2 Methodology

The study has primarily involved desk research and drawing on the expertise and previous research of the project team. The research was carried out in March and April 2020. It contributed to:

- A review of literature on the importance of journalism in the functioning of democracy, in particular that of local journalism and its role in promoting political and civic engagement and community cohesion.
- An overview of the UK news media market, setting out the key market developments in recent years and the challenges faced by the press sector and existing interventions in the UK news market.
- Geographic analysis to identify current local newspaper provision and consumption and local press sector trends across local authority district (LAD) areas in England, Scotland, and Wales.
- Examination of the relationship between local newspaper provision and consumption and local democratic participation – measured by local election turnout – using econometric analysis techniques.
- Case studies on interventions in several jurisdictions elsewhere in the world.

The geographical and econometric analysis relies on local newspaper data provided by the Joint Industry Currency for Regional Media Research (JICREG) for 2007, 2012, 2017 and 2019. The data has been aggregated to allow us to observe local press performance across LAD areas rather than performance of individual titles or news brands.

1.3 Caveats

We present a snapshot of the UK press market, international interventions, and associated issues at the time of writing. Recently, the UK press sector has been significantly affected by the continuing shift to online media and the outbreak of the Covid-19 crisis that unfolded during the study. This will have a significant impact on the future market structure, news provision and consumption, particularly for local newspapers, and we anticipate that this will evolve significantly over the next year.

Several data transformation and exclusions have been applied to the JICREG data in order to best identify performance of the local press sector within LAD areas. As such, the results and caveats of these analyses need to be carefully considered. These are described fully in Section 3.1, Section 4.3.3, Appendix A, and Appendix Section B.2.9.

Furthermore, the international case studies of press sector interventions rely on publicly available information at the time of writing. We have been unable to gather substantial information on the objectives and outcomes of the interventions for several case studies because it is too early to observe the overall impact of the intervention on press sector performance or there is an overall lack of public information.

1.4 Structure of this report

The rest of this report is structured as follows.

Section 2 provides an overview of democracy and the UK press sector.

Section 3 provides a geographic analysis of the local press sector.

Section 4 presents the outcome of econometric analysis on local democracy and the press sector.

Section 5 presents case studies on international examples of government press sector interventions.

Section 6 sets out our conclusions and strategic recommendations.

Appendix A sets out the JICREG newspaper data source and how the data has been prepared for use in this study.

Appendix B is a technical appendix that sets out the data, methodology and the results for the econometric analysis in detail.

Appendix C is a technical appendix that provides the econometrics results tables and charts.

Appendix D includes additional results from the geographic analysis of local newspapers (weekly circulation).

2 Democracy and the UK press sector

This section first discusses the importance of journalism in the functioning of democracy, in particular that of local journalism, and its role in promoting political and civic engagement and community cohesion. This is followed by an overview of the UK news media market, setting out the key market developments in recent years and the challenges faced by the press sector and existing interventions in the UK news market.

2.1 Journalism and democracy

Though differences of opinion exist on the specific functions that journalism should be expected to play in liberal democratic society, there is general agreement that democracies can only function effectively where the public has access to sufficient information necessary to make informed decisions in civic life. In addition, journalism's 'watchdog' and 'scarecrow' functions are essential in deterring and detecting misconduct at all levels of public life. In some interpretations of journalism's role, the news media are responsible for the delivery of core components of democracy such as the provision of information, the achievement of fairness through publicity of competing accounts and viewpoints, and the exposure of misbehaviour through scrutiny⁴. More minimal views see the role of news media not as a pillar supporting good citizenship, but a means of attracting and focusing public attention when necessary on significant events and crises⁵. All accounts agree, however, that the presence of journalism in civil society is vital, the reduction of news capacity is damaging, and the absence of journalism potentially catastrophic⁶.

Economic theories of journalism help to underline the importance of the production of journalism to democracy, classifying the news and information produced by journalism as public goods⁷ (this is supported by the presence in many democratic societies of public broadcasters with defined obligations on the provision of news); beyond this, news and information also serve "the public good," that is, they produce social benefits that transcend financial value⁸.

In this conception the presence and circulation of news and information produced by journalism in society produces positive effects – such as an informed public, political accountability and plurality of opinion – which are essential to healthy democracy. As with all public goods, journalism can be undervalued because its social benefits may not be reflected in the financial value that the public places on it, leading to underproduction. Some scholars have gone further and classified journalism – and the news and information it produces – as "merit goods" whose production should be governed by social need rather than pure market logic⁹. By this definition, journalism's importance to society exists whether or not it is consumed (for instance, systematic coverage of local councils and courts that may attract little audience interest but are essential to ensuring accountability and deterring corruption). Such considerations underpin the logic of external interventions, including public interventions, into the provision of news.

Beyond theoretical and economic justifications for the maintenance of journalism in democratic society, growing evidence from empirical studies prompted by the decline of local newspapers (largely in the United States where the problem is especially acute) demonstrates the many key functions performed by local journalism. These studies are grouped here according to three key aspects of democratic society that are supported by local journalism: civic engagement; community cohesion; and the use of public finances.

⁴ Asp, Kent (2007) 'Fairness, Informativeness and Scrutiny: The Role of News Media in Democracy,' *Nordicom Review*, Jubilee Issue 2007, pp.31-49

⁵ Zaller, John (2003) 'A New Standard of News Quality: Burglar Alarms for the Monitorial Citizen,' *Political Communication*, 20, pp.109-130

⁶ Pickard, Victor (2020) *Democracy Without Journalism? Confronting the Misinformation Society*, Oxford: Oxford University Press

⁷ Baker, C. Edwin (2001) *Media, Markets and Democracy*, Cambridge: Cambridge University Press

⁸ Pickard, Victor (2020) Op. Cit. p64

⁹ Ali, Christopher (2016) 'The Merits of Merit Goods: Local Journalism and Public Policy in a Time of Austerity,' *Journal of Information Policy*, 6, pp.105-128

2.1.1 Local News and Political and Civic Engagement

A series of studies have found direct links between the loss of newspapers and declining political engagement. Research on the entry and exit of daily newspapers in US media markets published in 2009 found that newspapers have a positive statistical effect on political participation, finding that the effect of one additional newspaper in a market increased both presidential and congressional electoral turnout by 0.3 percent¹⁰. A 2010 study of political participation in Los Angeles found that the absence of local news made voters less likely to vote in local elections¹¹. While the following year an assessment of the effects of the closure of the Cincinnati Post in 2007 found that voter turnout fell and incumbents became more likely to be re-elected¹². A further study published in 2014 measuring civic engagement in two major US cities following the closure of daily local newspapers found a significant decline in civic engagement in both places, not replicated in other major cities that had not suffered the loss of a local paper¹³.

Reduced coverage, rather than the removal of individual titles, has also been shown to have a detrimental effect on political information and participation. A study of political coverage and civic engagement in the 2010 US Congressional elections found that citizens exposed to a lower volume of political coverage were “less able to evaluate their member of Congress, less likely to express opinions about the House candidates in their districts, and less likely to vote.”¹⁴ An analysis, published in 2019, of the impact of newspaper employment cuts found that “cities served by newspapers with relatively sharp declines in newsroom staffing had, on average, significantly reduced political competition in mayoral races” and found evidence suggesting that such cuts led to lower turnout.¹⁵

2.1.2 Local News and Community Cohesion

The loss of local newspapers has also been found to lead to other effects with negative consequences for cohesion in democratic society. For example, a 2018 study identified a causal relationship between newspaper closures and increasingly polarized political behaviour¹⁶. More generally, research based on survey data has found that newspaper reading correlates with respondents’ sense of social cohesion, “indicating that community newspapers are important to community engagement”¹⁷, while a 2009 study demonstrated the ways in which local newspapers create a sense of place in the locality they serve¹⁸. More conceptual research has demonstrated how communication at the local level – as local newspapers do – is essential to the building of community¹⁹.

2.1.3 Economic Benefits of Local Investigative Journalism

Several studies have demonstrated the benefits of public interest journalism (including relatively expensive investigative journalism rarely supported by pure market principles) in saving money lost through corruption or

¹⁰ Gentzkow, Matthew, Jesse M. Shapiro and Michael Sinkinson (2009) ‘The Effect of Newspaper Entry and Exit on Electoral Politics,’ *American Economic Review*, 101, pp.2980-3018

¹¹ Filla, Jackie and Martin Johnson (2010) ‘Local News Outlets and Political Participation,’ *Urban Affairs Review*, 45(5), pp.679-692

¹² Schullhofer-Wohl, Sam and Miguel Garrido (2011) ‘Do Newspapers Matter? Short-run and Long-run Evidence from the Closure of the Cincinnati Post,’ National Bureau of Economic Research, Working Paper No. 14817

¹³ Shaker, Lee (2014) ‘Dead Newspapers and Citizens’ Civic Engagement,’ *Political Communication*, 31:1, pp.131-148

¹⁴ Hayes, Danny and Jennifer L. Lawless (2015) ‘As Local News Goes, So Goes Citizen Engagement: Media, Knowledge, and Participation in US House Elections,’ *The Journal of Politics*, 77:2, pp.447-462

¹⁵ Rubado, Meghan E. and Jay T. Jennings (2019) ‘Political Consequences of the Endangered Local Watchdog: Newspaper Decline and Mayoral Elections in the United States

¹⁶ Darr, Joshua P., Matthew P. Hitt and Johanna L. Dunaway (2018) ‘Newspaper Closures Polarize Voting Behavior,’ *Journal of Communication*, 68, pp.1007-1028

¹⁷ Yamamoto, Masahiro (2011) ‘Community Newspaper Use Promotes Social Cohesion,’ *Newspaper Research Journal*, 32:1, pp.19-33

¹⁸ Buchanan, Carrie (2009) ‘Sense of Place in the Daily Newspaper,’ *Aether: The Journal of Media Geography*, IV, pp.62-84

¹⁹ Friedland, Lewis A. (2001) ‘Communication, Community and Democracy: Toward a Theory of the Communicatively Integrated Community,’ *Communication Research*, 28:4, pp.358-391

waste, through saving lives and ensuring that public institutions and offices work as they should. A 2008 study of the effects of press coverage on political accountability found that local journalism focused public attention on local government activities and reduced corruption and mismanagement, as well as finding that political representatives subject to less local press coverage were less productive in their constituency work, leading to reduced government spending in those areas²⁰.

A comprehensive study in 2016 quantified the economic effect of investigative journalism, finding that such public-interest news generated “hundreds of dollars in benefits to society” for each dollar spent on producing the journalism. Money was saved for taxpayers through the policy changes and the elimination of waste and corruption as the result of reporting²¹. Similarly, research reviewing municipal bond data following newspaper closures found that cities that had experienced a newspaper closure subsequently saw increases in government costs as a result of the lack of scrutiny of local deals²². Beyond the financial impact, a 2018 study found that newspaper coverage of polluters correlated with substantial reductions in emissions²³.

2.1.4 UK-focused research

Though the majority of empirical research on the effects of declining local journalism on public life has been conducted in the United States, there is a growing body of UK research in this area. Studies over the past fifteen years have identified the following stresses that increasing commercial pressures are exerting on local newspapers’ ability to perform their civic roles:

- Newsroom cuts limit the ability of journalists to cover local issues in depth²⁴; and
- Traditional journalism in the local press has been progressively replaced by cheaper agency²⁵ or public relations copy²⁶.

Strategic responses to commercial decline by the local newspaper industry have been found to have a detrimental effect on titles’ ability to cover local issues, particularly in rural areas:

Newspaper chains tend to concentrate their remaining journalistic workforce in urban centres. This makes it very difficult for them to cover routine news events outside of these areas, such as council meetings, development plans, sports events, and social issues – the stories that have for so long been the bread and butter of local journalism²⁷.

Interviews with representatives of the UK regional press as part of a multi-country study of local newspaper responses to market conditions found that titles felt obliged in some cases to balance non-local reporting with local coverage in order to build audiences, provide non-journalistic services to supplement revenue and develop closer in-house relationships between editorial and advertising departments to better monetise digital content²⁸.

²⁰ Snyder, James M. Jr., and David Strömberg (2008) ‘Press Coverage and Political Accountability,’ *Journal of Political Economy*, 118:2, pp.355-408

²¹ Hamilton, James (2016) *Democracy’s Detectives: The Economics of Investigative Journalism*, Cambridge, MA: Harvard University Press

²² Gao, Pengjie, Chang Lee and Dermot Murphy (2018) *Financing Dies in Darkness? The Impact of Newspaper Closures on Public Finance*, Hutchins Center Working Paper #44 (<https://www.brookings.edu/wp-content/uploads/2018/09/WP44.pdf>)

²³ Campa, Pamela (2018) ‘Press and leaks: Do newspapers reduce toxic emissions?’ *Journal of Environmental Economics and Management*, 91, pp.184-202

²⁴ Franklin, Bob (2011) ‘Sources, Credibility, and the Continuing Crisis of UK Journalism,’ in Bob Franklin and Matt Carlson (eds.) *Journalism, Sources, and Credibility*, London: Routledge

²⁵ Williams, Andy and Bob Franklin (2007) *Turning Around the Tanker: Implementing Trinity Mirror’s Online Strategy*, Cardiff University School of Journalism, Media and Cultural Studies, <http://image.guardian.co.uk/sys-files/Media/documents/2007/03/13/Cardiff.Trinity.pdf>

²⁶ Davis, Aeron (2008) ‘Public Relations in the News,’ in Bob Franklin (ed.) *Pulling Newspapers Apart: Analysing Print Journalism*, London: Routledge

²⁷ Wahl-Jorgensen, Karin (2018) ‘The Challenge of Local News Provision,’ *Journalism*, 20:1, pp.163-166

²⁸ Jenkins, Joy and Rasmus Kleis Nielsen (2020) ‘Preservation and evolution: Local newspapers as ambidextrous organizations,’ *Journalism*, (Published online February 3 2020), <https://journals.sagepub.com/doi/10.1177/1464884919886421>

In addition to the effects that cuts and closures resulting from commercial pressures have had on the UK's local media market (see below), including the emergence of local monopolies in print journalism across the UK²⁹, some research has demonstrated how this translates into negative impacts on public interest journalism. For instance, a content analysis of almost 3,000 articles by local newspapers in West Yorkshire found that 76% of articles cited only one source, with implications not just for journalism's scrutiny function, but also on the plurality of viewpoints present in local newspaper coverage³⁰. The vital role that local media play in keeping citizens informed about public life was also found to be in decline by a 2006 study charting the reduction in coverage of local elections in the local press since the 1980s, including a reducing volume of locally relevant and policy-oriented coverage³¹.

The impact on communities by the removal or reduction of local newspaper coverage can be profound. Doctoral research by former local journalist Rachel Howells documented the decline of coverage of council and other public meetings in the South Wales town of Port Talbot, contributing to public confusion and lack of knowledge about local issues and processes, and the spread of rumour and feelings of frustration and powerlessness among residents³². The emergence of hyperlocal news outlets in the UK, although a positive development in general, has not so far filled the gap in journalistic capacity left by the retreat of local newspapers. Although many play important roles in the communities they serve, they have been found to lack the resources to conduct extensive investigations, challenge powerful local interests, and often to integrate multiple sources and viewpoints into stories³³.

The pressures affecting UK local newspapers and their capacity to attract sustainable local audiences is linked to fundamental shifts in the media landscape. One study has shown evidence of a direct relationship between the decline of local newspaper circulation and the penetration of high-speed internet access across the country, and the displacement of sources with high news content from audiences' media consumption³⁴.

2.2 UK news media market

2.2.1 Overview of UK news media

The UK news media market has faced considerable changes in the past two decades, fuelled by technological innovation, the rise of digital platforms and shifts in consumer preferences. Digital platforms have removed high financial barriers to media market entry and led to an information environment characterised by abundance rather than scarcity; print and broadcast media are no longer gate keepers to public and local interest news. As news audiences fragment and migrate online, newspapers not only compete for audience share but also for attention more generally and have struggled to replace declining cover price and longstanding print-based advertising revenues with online income. To some extent, this has undermined the capacity of commercial media to supply in-depth public-interest journalism and consequently limited journalism's democratic function.

²⁹ Ramsay, Gordon and Martin Moore (2016) *Monopolising local news: Is there an emerging local democratic deficit in the UK due to the decline of local newspapers?* London: King's College London: <https://www.kcl.ac.uk/policy-institute/assets/cmcp/local-news.pdf>

³⁰ O'Neill, Deirdre and Catherine O'Connor (2008) 'The Passive Journalist: How sources dominate local news,' *Journalism Practice*, 2:3, pp.487-500

³¹ Franklin, Bob, Geoff Court and Stephen Cushion (2006) 'Downgrading the 'local' in local newspapers' reporting of the 2005 UK general election,' in Bob Franklin (ed.) *Local Journalism and Local Media: Making the Local News*, London: Routledge

³² Howells, Rachel (2015) 'Journey to the centre of a news black hole: examining the democratic deficit in a town with no newspaper,' *PhD Thesis*, University of Cardiff

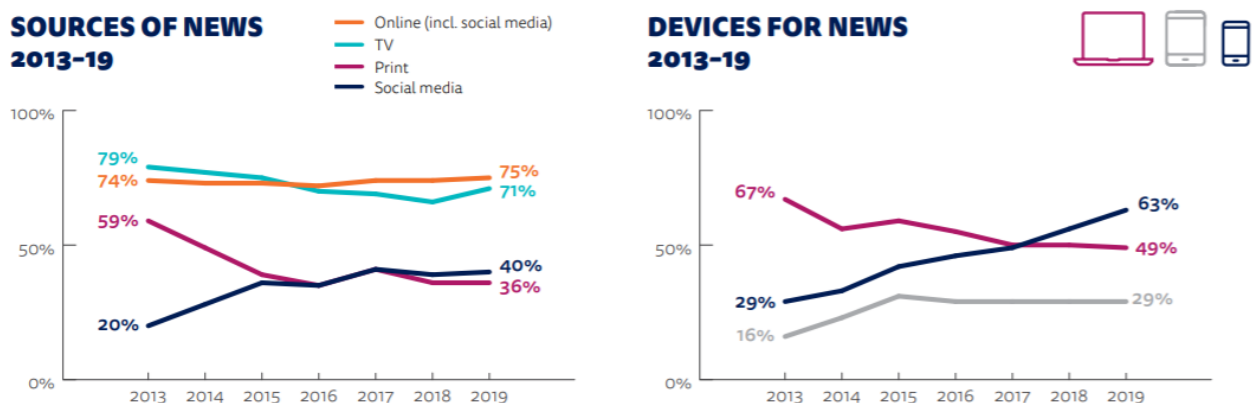
³³ Williams, Andy, Dave Harte and Jerome Turner (2015) 'Filling the News Hole? UK community news and the crisis in local journalism,' in Rasmus Kleis Nielsen (ed.) *Local Journalism: The decline of newspapers and the rise of digital media*, Oxford: Reuters Institute for the Study of Journalism

³⁴ Gavazza, Alessandro, Mattia Nardotto and Tommaso Valletti (2019) 'Internet and Politics: Evidence from U.K. Local Elections and Local Government Policies,' *Review of Economic Studies*, 86, pp.2092-2135

2.2.2 Development of news consumption

News media consumption is continuing to shift online, particularly to mobile devices. Ofcom research indicates that television remains the most-used platform for news, with 75% using it for news in 2019, compared to 79% in 2018, with internet growing from 64% to 66%³⁵. But Reuters data indicates that online, including social media, has overtaken television as a source of news, with 75% using online compared to 71% for television³⁶. Taking a wider definition of news, including weather, entertainment and technology news, Comscore found that 99% of the UK internet population accessed a news site in July 2019.

Figure 2.1: UK news consumption by source and by device, 2013-2019



Source: Reuters Institute Digital News Report 2019

Local and regional news sites reached 72% of the online population in July 2019, with 23 web domains attracting more than 1 million monthly unique visitors. In comparison, general news such as national news brands, reached 93% of the online population, with 33 domains generating over 1 million unique visitors³⁷.

There is a large disparity in most-used source for news across age groups, with 83% of younger adults (16-24 years) using the internet for news, compared to 51% using television, as Figure 2.2 illustrates³⁸. However, these younger adults are relatively less engaged with local news and politics online than older audiences³⁹.

³⁵ Ofcom (July 2019), News Consumption in the UK: 2019: https://www.ofcom.org.uk/_data/assets/pdf_file/0026/157913/uk-news-consumption-2019-overview.pdf

³⁶ Reuters Institute Digital News Report 2019

³⁷ Comscore, *Beyond reach: News engagement in the UK*, November 2019.

³⁸ Ofcom July 2019, News Consumption in the UK: 2019: https://www.ofcom.org.uk/_data/assets/pdf_file/0026/157913/uk-news-consumption-2019-overview.pdf

³⁹ Results from the Ofcom News Consumption Survey 2019 finds that only 4% of 16-24 year olds surveyed access local newspaper websites and apps, which is significantly lower than 10% average across all population. However, 16-24 year olds generally claim to use a wider variety of website/apps for news than those aged 65+ years. Source: Ofcom, News Consumption in the UK: 2019, July 2019: https://www.ofcom.org.uk/_data/assets/pdf_file/0027/157914/uk-news-consumption-2019-report.pdf (refer to slide 58).

Figure 2.2: Over/under-representation of demographic segments in online news consumption, UK

	GENERAL NEWS	BUSINESS / FINANCE	ENTERTAINMENT	LOCAL NEWS	POLITICS	TECHNOLOGY	WEATHER
18-24	-4	-15	2	-15	-41	17	-8
25-34	-2	7	13	4	-21	17	3
35-44	-1	2	5	7	-7	9	6
45-54	-2	-2	1	5	6	-10	3
55+	5	2	-12	-5	30	-16	-4
Male	2	7	-17	-4	15	10	-5
Female	-2	-7	18	5	-16	-10	5

Note: Data shows percentage points compared to the demographic segment's representation in the UK digital population

Source: Comscore⁴⁰

People consume news very differently online in comparison to traditional media such as print and television. Some of the main features of online news consumption include:

- **Diversity of news sources.** Users' preferred news brands account for 84% of time spent by desktop users on news sites, and 66% for mobile users. But consumers visited an average of 4 desktop news sites and 12 mobile sites, suggesting a propensity to take in a diversity of news sources online⁴¹.
- **Consumption on social media platforms.** In 2019, 28% of UK consumers used Facebook for news, followed by Twitter (14%), YouTube (10%), WhatsApp (9%), Facebook Messenger (6%) and Instagram (4%)⁴². Local and regional newspapers are particularly reliant on these platforms to refer consumers who are actively looking for local news or pushed local news due to their location or social connections.
- **Broad competitive set.** Traditional news brands face competition from UK and international general news providers, digital-first news brands such as Politico, HuffPost and BuzzFeed, and category specialists, such as CNET and Techradar.
- **Prevalence of low-quality news and disinformation.** In 2019, 70% of UK consumers were concerned about "what is real and what is fake on the internet", compared to 58% in 2018⁴³.

2.2.3 Implications for press sector economics

The shift to online news consumption has contributed to a decline in news publisher revenues. Consumers are buying fewer newspapers due to the availability of news for free online. Falling circulation has led newspaper circulation revenues to decrease from £2.2 billion in 2007 to £1.7 billion in 2017⁴⁴. Newspaper advertising revenue has decreased at a much higher rate, from £4.6 billion in 2007 to £1.4 billion in 2017, driven by the decrease in circulation and increasing competition from online advertising. Google, Facebook and online classifieds providers have been successful in capturing advertising spend in vertical markets such as property, recruitment and local services – the traditional heartland of newspaper advertising.

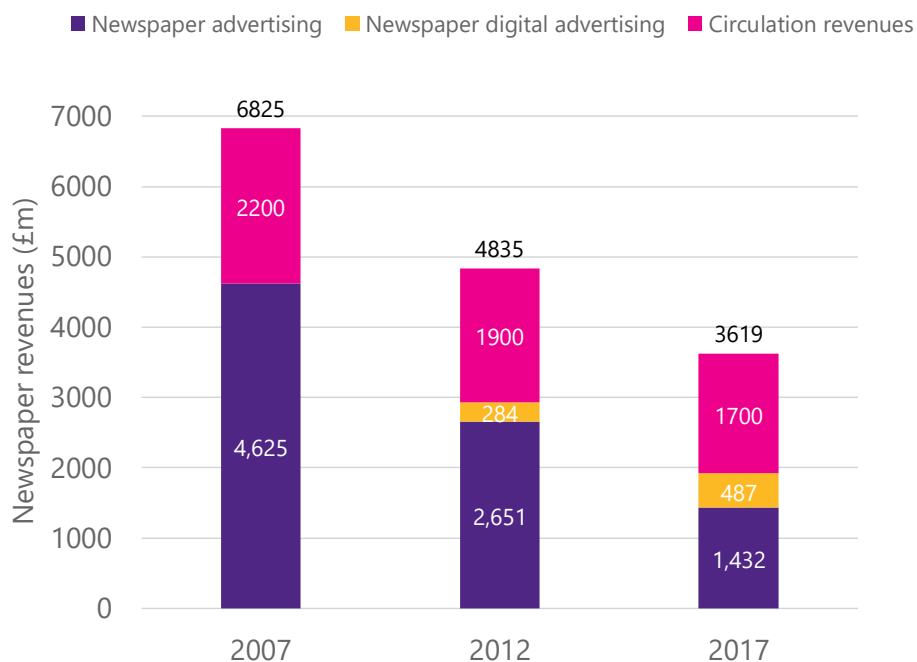
⁴⁰ Comscore, *Beyond reach: News engagement in the UK*, November 2019.

⁴¹ Comscore, *Beyond reach: News engagement in the UK*, November 2019.

⁴² Reuters Institute Digital News Report 2019

⁴³ Reuters Institute Digital News Report 2019

⁴⁴ Mediatique, April 2018

Figure 2.3: Newspaper revenues (£m) by source

Note: Newspaper digital advertising revenue is not reported for 2007.

Source: Mediatique, DCMS: Overview of recent dynamics in the UK press market.

Though news publishers have successfully grown their online audiences, they have had limited success in monetising their online activities. In the online advertising market, news publishers face very strong competition from Google and Facebook, as well as competition from an array of other online publishers, especially in verticals such as travel, motoring and finance where newspapers have developed print advertising businesses. The CMA found that 'weak competition in digital advertising can increase the prices of goods and services across the economy and undermine the ability of newspapers and others to produce valuable content, to the detriment of broader society'⁴⁵.

News publishers compete mainly in the online display market which is relatively commoditised. They have limited higher-value online video advertising inventory. In addition, publishers sell some online advertising programmatically through a complex supply chain involving intermediaries who take a share of revenues. Publisher online news content is susceptible to blocking by advertisers who use crude keyword blacklisting to avoid advertising placement in contexts that are deemed unsafe for their brands, with one estimate suggesting that one in every five pounds of advertising expenditure is missed due to blocking⁴⁶.

Overall, online advertising expenditure is not expected to compensate for declines in print advertising. GroupM estimates that UK news brand ad expenditure (print and digital) was £1,376m in 2019 and will decrease to £906m in 2024, a fall of 34%⁴⁷.

Where news content is consumed on third-party social media or aggregator services, such as Facebook or Google News, publishers' ability to monetise that content may be restricted or limited to a revenue share. News

⁴⁵ CMA, Online platforms and digital advertising: Market study interim report, December 2019.

⁴⁶ <https://www.theguardian.com/media/2020/jan/20/uk-publishers-losing-digital-ad-revenue-due-to-content-blacklists>

⁴⁷ GroupM, This Year Next Year – UK Media Forecasts, December 2019.

brands have become reliant on Facebook and Google in particular to deliver significant engagement, and have therefore accepted the revenue share approach^{48,49}.

In addition, news publishers have had limited success developing paid products. Currently, the Telegraph, the Times and the Financial Times operate paywalls for online access, with other national, regional and local titles offering online content for free. In 2019, only 9% of UK consumers paid for online news content⁵⁰.

In spite of these challenges, some publishers have reported improving results. The Guardian reached financial breakeven in 2018-19, with a £800,000 operating profit. These results were driven by growth in digital revenues and contributions from readers of which it counted 655,000 regular paying supporters and 300,000 one-off contributors⁵¹. The business also grew internationally. The Independent, which closed its print operation to go digital only in 2016, increased revenues by 9% in 2018-19 to £27m, with a £2.3m operating profit⁵².

2.2.4 National press sector

The UK market maintained at least 10 daily national newspapers between 2007 to 2017⁵³. However, daily print circulation has been declining as shown by Figure 2.4. *The Times* is the only daily national newspaper that has managed to increase its circulation year-on-year between 2015 and 2018, which is possibly due to its operation of a strict paywall for online news content⁵⁴. The *Sun* and the *Daily Mail* have the greatest circulation of print newspaper editions and online reach. Their combined print and online reach in 2015 were 20.20% and 18.22% respectively⁵⁵. There was a greater decline in Sunday newspaper circulation (26.06%) than daily newspaper circulation (24.13%) between 2015 and 2018.

Figure 2.4: Average daily print circulation of national newspapers

Publication	Average Daily Circulation (Nov'18)	Share of circulation (Nov'18)	Average Daily Circulation (Jul'15)	% Change from Jul'15
<i>Sun</i>	1,403,779	27.33%	1,856,790	-24.40%
<i>Daily Mail</i>	1,222,611	23.80%	1,657,706	-26.23%
<i>Daily Mirror</i>	519,224	10.11%	878,527	-40.90%
<i>Times</i>	415,577	8.09%	394,910	5.23%
<i>Daily Telegraph</i>	359,110	6.99%	489,459	-26.63%
<i>Daily Star</i>	340,816	6.63%	411,725	-17.22%
<i>Daily Express</i>	322,798	6.28%	429,810	-24.90%
<i>i</i>	238,771	4.65%	276,137	-13.53%
<i>Financial Times</i>	177,196	3.45%	207,179	-14.47%

⁴⁸ Mediatique, April 2018

⁴⁹ Mediatique report Facebook and Google's revenue share approach as a 70/30 split in favour of the content provider.

⁵⁰ Reuters Institute Digital News Report 2019

⁵¹ <https://www.theguardian.com/media/2019/aug/07/guardian-broke-even-last-year-parent-company-confirms>

⁵² <https://www.independent.co.uk/news/media/independent-financial-results-profits-revenue-a9376196.html>

⁵³ This excludes the entry of *i* newspaper that was launched in 2010 as a sister paper to *The Independent* and was later sold to other publishing groups. *The Independent* stopped printed editions in March 2016, becoming an online-only newspaper.

⁵⁴ Operation of a paywall may have been an incentive for readers to purchase print editions or online-print subscriptions as they are unable to access *The Times* content for free online. This assumes that a portion of readers will not substitute to other newspapers providing free online content.

⁵⁵ MCR, 2019. These figures are based on the reports analysis of data from the Publishers Audience Measurement Company (PAMCo).

Publication	Average Daily Circulation (Nov'18)	Share of circulation (Nov'18)	Average Daily Circulation (Jul'15)	% Change from Jul'15
<i>Guardian</i>	136,834	2.66%	168,369	-18.70%
Total	5,136,716	100.00%	6,770,612	-24.13%

Source: MRC Who owns the UK Media?: analysis of ABC data

In terms of ownership, the market has consolidated following Trinity Mirror (Reach) acquisition of the Daily Express and Daily Star in 2018, and DMGT's acquisition of i in November 2019. The market is now relatively concentrated. A report by the Media Reform Coalition (MRC) found that three companies – News UK, DMG and Reach – controlled 83% of the national newspaper market⁵⁶. Further concentration is likely as publishers seek to achieve economies of scale; it was reported in October 2019 that the Telegraph Media Group was for sale⁵⁷.

2.2.5 Regional and local press sector

The regional and local newspaper market is relatively concentrated in terms of ownership of titles. Five conglomerates – Gannett, JPI Media, Reach, Tindle and Archant – account for 80% of all regional titles, with a further 57 smaller publishers holding the remaining 20% of titles⁵⁸. This is illustrated in Figure 2.5. With the exception of Reach, four of the main regional and local news publishers focus on this sector.

Figure 2.5: Local newspaper titles by publisher as of Dec'18

Publisher	Titles	Share of Total
Gannett UK Ltd (Newsquest)	236	22.1%
JPI Media	224	21.0%
Trinity Mirror Regionals (Reach Regionals)	215	20.1%
Tindle Newspapers Limited	112	10.5%
Archant	71	6.6%
Remaining 57 publishers	210	19.7% combined
Total	1,068	100.0%

Source: MRC Who owns the UK Media? (2019)

Consolidation of the market may occur as it has done in the national market. JPI Media was formed by Johnston Press bondholders in a pre-pack administration deal in November 2018, after which the i national newspaper was sold to DMGT. David King, the JPI Media CEO, has since stated that "*Industry consolidation provides an ability to invest and realise benefits across a larger portfolio, to provide an easy to access solution for advertisers, to engage with a stronger voice with tech companies, and to have the scale to invest in building subscription services.*"⁵⁹ However, JPI Media has yet to reach a deal to sell any of its titles, which include *The Scotsman* and the *Yorkshire Post*.

⁵⁶ MCR, 2019, Who owns the UK Media? : <https://www.mediareform.org.uk/wp-content/uploads/2019/03/FINALOnline2.pdf>

⁵⁷ <https://www.campaignlive.co.uk/article/telegraph-put-sale/1663759>

⁵⁸ MRC, 2019

⁵⁹ <https://www.pressgazette.co.uk/jpi-media-no-longer-actively-exploring-sale-of-regional-titles/>

At a local level, the market is highly concentrated. A report by Kings College London⁶⁰ found that the vast majority of local authority districts are served by a dominant publisher. Only 17 of 380 (4.5%) local authority districts in England, Scotland and Wales do not have a dominant publisher – defined as areas where the largest publisher accounts for more than 50% of total circulation – as shown in Figure 2.6 below. Of these local authority districts, 262 (68.9%) have a dominant publisher with more than 70% share of circulation and 85% of local authority areas are covered by only one or two publishers⁶¹.

Highly concentrated markets raise questions on the acceptable versus ideal level of competition in the regional and local newspaper market. Negative impacts of concentration in supply include reduction of plurality in the local news market, possible lowering of quality and the potential to erect barriers to new entry (although it is questionable the extent to which incentives exist for entry to local newspapers with current market forces and the shift to online). Plurality may be reinforced through local TV and radio, but the effect is unclear as they offer a different type and depth of coverage compared to local newspapers. Barriers could include pricing behaviour, especially toward advertisers. Less negative effects of concentration potentially include maintaining the presence of a viable base of local journalistic capacity and improved sustainability of supply chains and delivery models.

Figure 2.6: Local authority districts without a dominant publisher (highlighted areas)



Source: Kings College London, Monopolising local news (2016)

The commercial challenges facing news publishers are especially acute in the local and regional news market. Though local news publisher sites reach 63% of the UK digital population on mobile, and 14% on desktop, compared to 83% and 46% respectively for general news (national), consumer engagement with local news brands is low relative to national news. On mobiles, general news sites generated 44.4 average monthly visits per visitor, but local news sites generated only 7.4 visits⁶². In consequence, it is likely that local news websites have less online advertising inventory to sell than their national counterparts.

⁶⁰ G Ramsay and M Moore, May 2016, Monopolising local news: Is there an emerging local democratic deficit in the UK due to the decline of local newspapers?, Centre for the Study of Media, Communications and Power, Kings College London, London: <https://www.kcl.ac.uk/policy-institute/assets/cmcp/local-news.pdf>

⁶¹ Ramsay and Moore, May 2016

⁶² Comscore, *Beyond reach: News engagement in the UK*, November 2019.

In addition, local and regional news publishers are generally smaller in scale than their national counterparts, making it more challenging to develop their digital propositions or competitive online advertising products. Furthermore, local publishers may lack depth of content in verticals that are attractive to advertisers, such as travel, motoring and finance, and are unlikely to generate substantial overseas audiences. Given these factors, growth in online advertising revenues is unlikely to make up for declines in print advertising. GroupM forecasts that UK local news brand advertising expenditure will decrease from £609m in 2019 to £394m in 2024, a fall of 35%⁶³.

As a result of decreasing advertising revenues, publishers are closing titles. Local and regional newspapers experienced a significant reduction in the number of titles from 1,303 in 2007 to 982 in 2018 (24.6% decline)⁶⁴. A report by MRC found that 67.2% of Local Authority Districts did not have daily local newspaper coverage as of 2017 (though all received coverage of at least one weekly local newspaper, with the exception of the largely non-residential City of London). The closure of local and regional news titles has led to underreporting and less scrutiny of democratic functions, such as local court reporting and local authorities' decisions⁶⁵. Notably, the Reuters Institute found that regional and local newspaper sources have a higher brand trust score (6.4 out of 10) than the majority of national titles^{66,67}. This underlines the importance of regional journalism as a trusted news source and its importance in informing local communities.

As a consequence of these challenging market conditions, there have been several interventions to support local and regional publishers in the UK. These are summarised in Sections 2.2.7 to 2.2.9.

2.2.6 Future challenges facing regional and local publishers

Looking ahead, the challenging conditions for UK local and regional news publishers are likely to continue. In December 2019, GroupM forecast a 35% decrease in local news brand advertising expenditure, print and digital, over the next five years⁶⁸. The news industry's response to decreasing revenues has been consolidation and/or closure, introduction of common content hubbing across multiple titles, changes in format or reduced reporting on some content (for example court or local council reporting), amongst others⁶⁹. Mediatique found that newspaper publishers expressed concern that there is limited scope to cut costs without reducing frontline journalism. This report estimates that the proportion of core revenues spent on journalism increased from 25% in 2013 to 28% in 2017⁷⁰.

In addition to the market trends and structural challenges facing the sector, a major exogenous shock, such as a recession triggered by the current Coronavirus crisis, will put further strain on the industry. Figure 2.7 briefly discusses the initial impacts of the ongoing Coronavirus situation on the newspaper industry.

⁶³ GroupM, This Year Next Year – UK Media Forecasts, December 2019.

⁶⁴ Mediatique, April 2018

⁶⁵ Howells, Rachel (2015) 'Journey to the centre of a news black hole: examining the democratic deficit in a town with no newspaper,' *PhD Thesis*, University of Cardiff

⁶⁶ Reuters Institute Digital News Report 2019

⁶⁷ Only broadcast news and the Financial Times scores higher (latter scores 6.68 out of 10).

⁶⁸ GroupM, This Year Next Year – UK Media Forecasts, December 2019.

⁶⁹ Mediatique, April 2018

⁷⁰ Mediatique, April 2018

Figure 2.7: How the Coronavirus crisis impacts on local journalism

At present, the Coronavirus crisis is strongly exacerbating negative structural trends and putting pressure on already weakened publisher business models. Print newspaper distribution is being disrupted, advertising revenues are decreasing, and news publishers are furloughing staff and/or reducing salaries. As of 2nd May 2020:

- City AM, the London daily freesheet distributed at public transport hubs, has ceased print publication⁷¹.
- The London Evening Standard has launched a door-to-door delivery service in zones 2 and 3 to supplement its traditional distribution on public transport⁷². It also suspended publication of its weekly magazine ES, furloughed some staff and imposed a 20% pay cut on some other staff⁷³.
- JPI Media has temporarily stopped printing free newspapers delivered door-to-door due to the logistical challenges of delivery as well as a declining advertising market⁷⁴. It intends to continue printing paid-for newspapers distributed at retail outlets and to retain journalists from free newspapers to work on websites⁷⁵. JPI Media has put 350 employees on furlough, including 60 journalists⁷⁶. Overall sales of the Yorkshire Post decreased by 30% though it added about 1,000 subscribers. Advertising revenues at some JPI titles have fallen by as much as 80%, while traffic to websites increased by between 20% and 50%⁷⁷.
- Reach Plc has furloughed 20% of its employees and cut pay of others by 10% or, in the case of the board, senior editorial and management team, 20%. It has suspended five regional free titles⁷⁸.
- Newsquest reported that it had already seen “very significant declines in our revenue, particularly from advertising, as many of our customers cancel or put their plans on hold”. In response, it told staff to expect severe cuts⁷⁹. Newsquest has furloughed about 10% of its 650 staff⁸⁰.
- Archant is reported to have put a small number of staff on furlough⁸¹.
- Tindle Newspapers has temporarily suspended publishing certain titles, such as the Bromley Borough News⁸² and the Glamorgan Gem⁸³.

Newspaper advertising revenues are likely to decrease strongly due to the crisis. Anecdotally, industry stakeholders suggest that UK advertising expenditure is likely to decrease 50% year-on-year during the period of lockdown. Local news publishers may experience a stronger decline in advertising revenues due to loss of circulation and exposure to advertiser categories such as entertainment (cinemas, theatres, restaurants) and travel that are unlikely to spend during the lockdown. The Advertising Association forecasts that total regional news brand advertising expenditure will decrease 24.1% year-on-year in 2020, with decreases of 5.3% in Q1, 44.8% in Q2, 30.1% in Q3 and 16.2% in Q4. The online advertising component of regional news brand advertising expenditure is forecast to decrease at a slightly lesser rate of 18.8% year-on-year in 2020⁸⁴.

⁷¹ <https://www.theguardian.com/world/2020/mar/25/uk-towns-lose-local-newspapers-as-impact-of-coronavirus-deepens>

⁷² <https://www.standard.co.uk/news/uk/evening-standard-zone-2-3-home-delivery-coronavirus-a4394811.html>

⁷³ <https://www.theguardian.com/media/2020/apr/01/evening-standard-announces-pay-cuts-and-furloughs-after-ad-slump>

⁷⁴ <https://www.theguardian.com/world/2020/mar/25/uk-towns-lose-local-newspapers-as-impact-of-coronavirus-deepens>

⁷⁵ <https://www.theguardian.com/world/2020/mar/25/uk-towns-lose-local-newspapers-as-impact-of-coronavirus-deepens>

⁷⁶ <https://pressgazette.co.uk/archant-furloughs-small-number-of-staff-as-local-publishers-hit-by-pandemic/>

⁷⁷ <https://www.economist.com/britain/2020/04/18/the-newspaper-industry-is-taking-a-battering>

⁷⁸ <https://www.pressgazette.co.uk/more-than-2000-newspaper-jobs-hit-as-hundreds-of-publications-across-uk-face-covid-19-cuts/>

⁷⁹ <https://www.theguardian.com/world/2020/mar/25/uk-towns-lose-local-newspapers-as-impact-of-coronavirus-deepens>

⁸⁰ <https://pressgazette.co.uk/archant-furloughs-small-number-of-staff-as-local-publishers-hit-by-pandemic>

⁸¹ <https://pressgazette.co.uk/archant-furloughs-small-number-of-staff-as-local-publishers-hit-by-pandemic>

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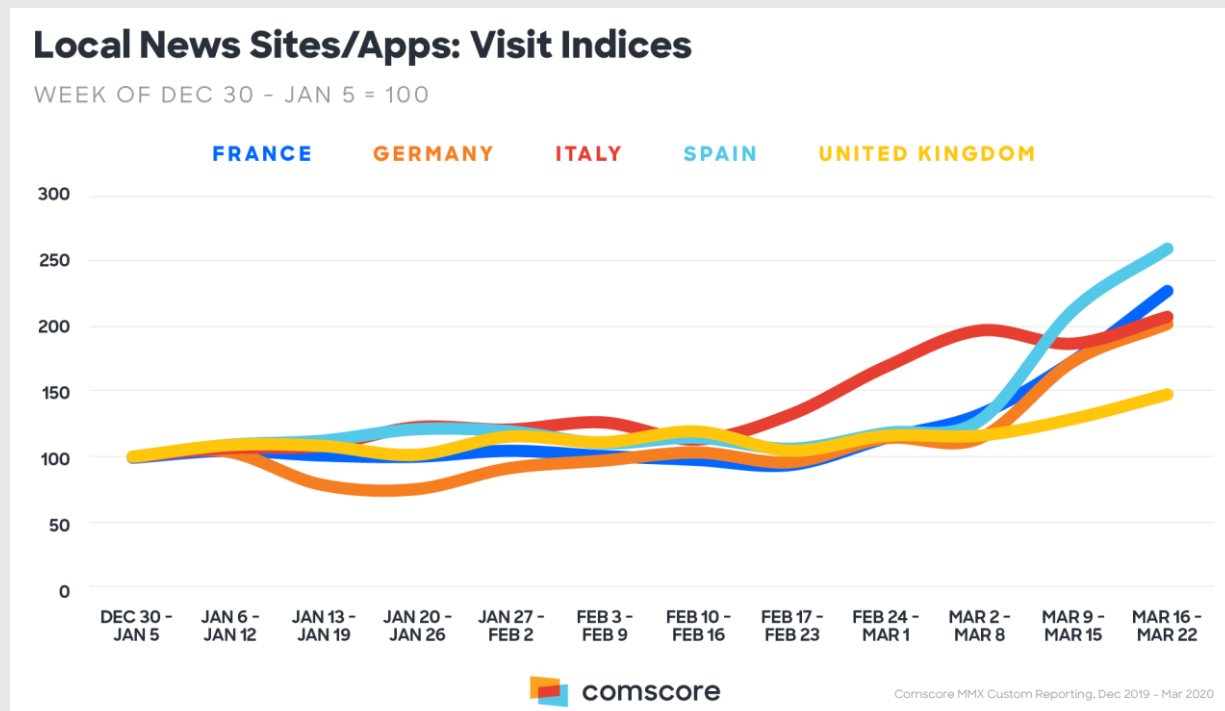
<http://www.bromleyboroughnews.co.uk/article.cfm?id=132895&headline=Goodbye%20E2%80%93%20for%20now!§ionIs=news&searchyear=2020>

⁸³ <https://www.cowbridge->

<today.co.uk/article.cfm?id=131814&headline=Glamorgan%20Gem%20temporarily%20suspended§ionIs=news&searchyear=2020>

⁸⁴ <https://www.adassoc.org.uk/resource/record-2019-uk-adspend-forecast-to-fall-2020/>

Local news publishers are experiencing strong growth in digital audiences. Comscore found that visits to local news sites and apps increased 45% in the w/c 16th March 2020 compared to w/c 30th December 2019⁸⁵.



However, it is difficult for local news publishers to monetise this increase in traffic due to the decline in overall advertising expenditure (noted above) – they will attract a growing share of a shrinking market – and the ad-blocking practices of many advertisers. In many cases, advertisers use content verification technology and keyword block lists to avoid placement of their advertising on content that they regard as unsafe for their brands, such as adult content, hate speech, digital piracy or military conflict. In some cases, these block lists overreach and prevent advertising from being placed on legitimate news content. In April 2020, Newsworks, an organisation representing UK news publishers, wrote an open letter to advertisers asking them to remove the word ‘coronavirus’ from their blocklists. Newsworks estimated that the total loss to news brands of blocking online stories with the word ‘coronavirus’ in them would be £50 million if the pandemic lasted three months.

In response to covid-19 related pressure on the news media sector, government support schemes are emerging in certain European countries and internationally, including:

- Denmark, the government has announced a compensation scheme providing DKK 180 million (£21 million) for the media sector⁸⁶.
- Sweden, the government is offering SEK 150 million (£12 million) to support printed news distribution and a further SEK 50 million (£4 million) to support areas of weak or non-existent journalistic coverage⁸⁷.
- Norway, the government has increased the subsidy for the production of news and information media from NOK 40 million (£3.1 million) to NOK 358 million (£27 million) in the State Budget for 2020. The increase enables the Media Authority to speed up the payment of production subsidies to media and newspapers, as well as to small local media, which will receive a redistribution of NOK 30 million (£2.3 million)⁸⁸.

- Australia, the government set an AU\$50 million (£26 million) Public Interest News Gathering (PING) program to support public interest journalism delivered by commercial television, newspaper, and radio businesses in regional Australia. PING is funded with AU\$13.4 million (£6.9 million) of new money as well as repurposed unallocated funds from the government's Regional and Small Publishers Jobs and Innovation Package (RSPJIP). In addition, the government has brought forward the release of AU\$5 million (£2.6 million) from its Regional and Small Publishers Innovation Fund⁸⁹.
- New Zealand, the government pledged NZ\$50m to support media industries affected by the financial impact of Covid-19. The fund largely consists of a waiver of transmission fees for broadcasters and of fees paid by media organisations to the broadcast commission NZ on Air., It also includes NZ\$11.1m of specific targeted assistance for companies, NZ\$1.3m of central government subscriptions to news services, and a commitment to expand the Local Democracy Reporter pilot scheme⁹⁰.

2.2.7 Existing interventions in the UK news media market

The UK government has historically taken a hands-off approach to the print press, in contrast with its strong role in public broadcasting in the television and radio sectors, giving the country a balance between a mixed broadcast environment with strong public interest obligations and a commercial press that proclaims its independence from the state⁹¹. Beyond some indirect aid in the form of VAT exemption and through advertising in newspapers, there have been no direct interventions into the newspaper market.

The deployment of public resources in responding to the crisis in journalism has instead taken place through bodies that have a degree of independence from the government of the day, including the BBC – which since 2017 has used a portion of its licence fee income to support 150 local news reporters and which operates training and apprenticeship programmes for new and current journalists – and NESTA (formerly the National Endowment for Science, Technology and the Arts), which in 2019 announced a significant innovation fund for news in 2019.

The BBC's Local Democracy Reporter (LDR) programme launched in February 2017 following a year of negotiations with bodies representing the majority of the UK local newspaper industry. The programme allocates £8 million of licence fee funding annually to the employment of up to 150 Local Democracy Reporters hosted at news outlets and tasked with covering single or shared beats (for example, in 2018 the *Teesside Gazette* hosted three LDR reporters – one tasked with coverage of the Tees Valley Metro Mayor, and two sharing duties to cover four local council areas)⁹². LDR reporters have a defined brief to cover public-interest topics in particular ways, including:

- To provide impartial coverage of the regular business and workings of local authorities in the UK, and other relevant democratic institutions such as mayoralities, combined authority areas, P&CCs, quangos, etc.

⁸⁵ <https://www.comscore.com/Insights/Blog/Coronavirus-pandemic-and-online-behavioural-shifts-March-30-update>

⁸⁶ <https://www.regeringen.dk/nyheder/2020/hjaelp-paa-vej-til-danske-medier/>

⁸⁷ <https://www.svt.se/kultur/regeringens-besked-200-miljoner-i-utokat-mediastod>

⁸⁸ European Audiovisual Observatory, Tracker of COVID-19 related measures taken in the film & audiovisual sectors in the EAO member states

⁸⁹ <https://www.communications.gov.au/what-we-do/television/relief-australian-media-during-covid-19>

⁹⁰ <https://www.nz.co.nz/news/political/414946/covid-19-government-announces-support-package-for-media-sector>

⁹¹ McNair, Brian (2003) *News and Journalism in the UK, Fourth Edition*, Abingdon: Routledge

⁹² <http://downloads.bbc.co.uk/england/pdf/bbc-local-news-partnerships-reporter-contract-distribution.pdf> (p.3)

- To report on the decision-making process: what decisions are made in the public's name and how they are arrived at, what evidence is presented to the council, etc.
- In two-tier council areas, to cover district council affairs sufficiently to ensure that significant decisions (for example planning) are reported.
- To provide other stories which are focused on local democracy and which are in the public interest so long as that does not detract from the core purpose of the service.
- Not to cover national politics, but election campaigns and constituency work of MPs that specifically relates to relevant local audiences may be covered so long as it does not detract from the core purpose of the LDRS⁹³.

Content produced by LDR reporters is made available to over 850 members of the BBC Local News Partnerships scheme. There has been some criticism of the scheme, based on the fact that the creation of 150 local journalism roles does not offset much larger editorial job losses across the UK local press⁹⁴, and the allocation of the overwhelming majority of the reporters⁹⁵ to the three largest local news publishers – themselves making significant cuts to editorial staff numbers – in an already heavily consolidated market suggests that the benefits of the scheme are going to already dominant local providers. The availability of all LDR content to Local News Partnerships members is, however, an increase in the availability of local journalism, and the public-interest brief of LDR reporters also ensures greater coverage of local public bodies and events than would otherwise be the case.

In addition to the LDR scheme, the BBC provides indirect support to journalism sectors – primarily in broadcast, but also supplying skills suitable for online and print – through training and apprenticeships for existing journalists and young journalists respectively. In 2019 the BBC spent £12.9 million on BBC Academy training⁹⁶, and offered 350 apprenticeships covering traditional editorial, technological and business schemes as well as in data science, user design, HR and Safety.⁹⁷

The NESTA Future News Fund was launched in 2019 with the aim of allocating a £2 million endowment from the UK government. NESTA has control over the allocation of funding to support local news providers to innovate and develop new models of producing journalism, as well as encouraging the emergence of new players in local news and innovations in local journalism. The fund will prioritise “a combination of technological solutions, new models for producing and disseminating public interest [journalism] and support for providers of local and regional news across the UK to build the capacities and space to experiment and work differently”⁹⁸. The fund is intended to act as a pilot for an expanded fund with greater resources and scope in the future.

2.2.8 Role of BBC in news media landscape

The UK's news media sector is heavily influenced by the public broadcaster BBC. The BBC's news operations offer television, radio and online news coverage at national and local level. Reuters Institute reports that *BBC News* (TV and radio combined) has a higher reach than any other TV, radio and print brand, with weekly reach exceeding 68%⁹⁹. *BBC News* online is also the most accessed online news source (50% weekly reach). It is also considered the most trusted news brand in the UK (scoring 6.85 out of 10 points); though this is closely matched

⁹³ <https://www.bbc.com/lnp/ldr>

⁹⁴ <https://www.nuj.org.uk/documents/mapping-changes-local-news-2017/mapping-changes-in-local-news-2015-2017-interactive-research-report-march-2017.pdf>

⁹⁵ <https://www.nuj.org.uk/documents/mapping-changes-local-news-2017/mapping-changes-in-local-news-2015-2017-interactive-research-report-march-2017.pdf>

⁹⁶ <https://downloads.bbc.co.uk/aboutthebbc/reports/annualreport/2018-19.pdf> (p.89)

⁹⁷ <https://downloads.bbc.co.uk/aboutthebbc/reports/annualreport/2018-19.pdf> (p.80)

⁹⁸ <https://www.nesta.org.uk/blog/announcing-future-news-pilot-fund/>

⁹⁹ Reuters Institute Digital News Report 2019

by commercial rival *ITV News* (6.82 points) and it should be noted that trust in all news sources overall has fallen by 11 percentage points since 2015.

The BBC sees itself as having a central role “to provide local news that serves all parts of the UK”.¹⁰⁰ The BBC’s *Future of News* project identifies online news and its ability to deliver personalised content and data journalism as a way to ensure that local news is provided to the people to whom it matters. The BBC also funds the regional and local news production through its public service news agency the Local Democracy Reporting Service¹⁰¹. This scheme is discussed in Section 2.2.7. However, it should be noted that not all initiatives to improve regional and local news coverage have been considered successful. In 2019, it was announced that the BBC were looking to phase out its online rolling news feeds for English regions¹⁰². The rolling news feeds – referred to as *Local Live* – were rolled out across the BBC News website between 2015 and 2016. The initiative aimed to improve coverage and engagement in local news.

2.2.9 Other initiatives

The response from Facebook and Google is also notable. In November 2018, Facebook announced that it would give £4.5 million to fund 80 local newspaper jobs in 2019 and 2020¹⁰³. The scheme takes the form of a cash donation to the National Council for the Training of Journalists (NCTJ) as a contribution to support trainee journalists entering local newspapers.

Google’s Digital News Innovation Fund (DNI Fund)¹⁰⁴ which was launched in 2015, is a European programme that sits under the wider Google News Initiative¹⁰⁵. Its overarching objective is to support and kick-start innovation within the European news ecosystem. Project funding is split into four areas:

- Battling misinformation – Projects that work to defend and protect quality journalism by using fact-checking and other technologies to combat misinformation.
- Telling local stories – Projects that use innovation to ensure that local and smaller publishers have a louder voice in the digital space.
- Boosting digital revenues – Projects that aim to help publishers access new or better opportunities to turn their content into revenue.
- Exploring new technologies – Projects that use digital technology to automate workstreams or content in order to support original journalism or improve the reader experience.

To date, the DNI Fund has awarded more than €140 million (£127 million) to 662 projects in 30 European countries. More than 70 UK projects have received support through the fund¹⁰⁶. One of the key UK success stories is The Bureau Local, a collaborative, investigative network launched in March 2017 that specialises in community-focused news stories across the UK¹⁰⁷. The Local Bureau comprises around 30 full-time reporters, data journalism specialists and editors, and has built a wide network of member across the UK whose members include regional and national news outlets, local reporters, hyperlocal bloggers, technologists, community-minded citizens and specialist contributors. To maximise reach, The Local Bureau co-publishes its stories with major media outlets around the world, such as The Guardian and HuffPost.

¹⁰⁰ <https://www.bbc.co.uk/news/resources/idt-bbb9e158-4a1b-43c7-8b3b-9651938d4d6a>

¹⁰¹ <https://www.bbc.com/lnp/ldrs>

¹⁰² <https://www.pressgazette.co.uk/bbc-to-scrap-local-live-news-feeds-to-trial-improvements-to-online-regional-news-offering/>

¹⁰³ <https://www.theguardian.com/technology/2018/nov/19/facebook-gives-45m-to-fund-80-local-newspaper-jobs-in-uk-media>

¹⁰⁴ <https://newsinitiative.withgoogle.com/dnifund/>

¹⁰⁵ <https://newsinitiative.withgoogle.com/>

¹⁰⁶ This figure counts multiple-round funding for individual projects. <https://newsinitiative.withgoogle.com/dnifund/dni-projects/?country=GBR>

¹⁰⁷ <https://www.thebureauinvestigates.com/>

3 Geographic analysis of local press sector

This section presents geographic analysis of current local daily and weekly newspaper presence and performance within local authority district (LAD) areas. Local newspaper data from the Joint Industry Currency for Regional Media Research (JICREG) for England, Scotland and Wales for selected years between 2007 and 2019 was used for the analysis. The purpose of this analysis is to provide a current snapshot to identify areas that are well or underserved by local newspapers and to illustrate general trends within the local newspaper industry.

3.1 Methodology and limitations of the analysis

Plum transformed the JICREG data to a LAD aggregate in order to identify local newspaper performance within the LADs¹⁰⁸. Appendix A sets out a detailed explanation of the data transformation steps, application of thresholds and underlying rationale.

Note that the analysis focuses on LADs; however, the boundaries shown within the geographic maps are at postcode level. The JICREG data does not provide local newspaper performance by postcode level. For simplification, we have assumed that local newspaper performance is constant across all postcodes within the LAD.

3.1.1 Limitations of the data and analysis

There are several limitations and caveats that apply to the geographic analysis that should be acknowledged when interpreting the results below.

First, information on newspaper frequency (daily or weekly) is provided for 2019 only. We have assumed that newspaper frequency is constant across the time period; for example, local newspapers offering a weekly edition in 2019 will also offer a weekly edition in 2007. For local newspapers not captured in the 2019 data due to an event such as title merger or closure, best efforts have been undertaken to identify frequency using desk research. We have excluded newspapers where we have been unable to identify and reconcile frequency. As a consequence, the newspaper measurements – number of titles, circulation and average issue readership (AIR) – may be understated for the years prior to 2019.

Further, the analysis does not account for local newspaper distribution type though this is a significant factor in determining circulation and readership. Distribution type may also be considered as a proxy to indicate journalistic quality. The JICREG only provides information on distribution for 2019. Although the majority of newspapers are paid or free, there are several (mixed) distribution codes that cannot be identified with confidence from the JICREG data alone. This has been excluded from our analysis on the assumption that instances of titles switching from free to paid or vice versa are very rare.

Another limitation of the analysis is that hyper-local newspapers and online-only local newspapers are not reported in the JICREG data. We are therefore unable to assess whether online-only local newspapers are an appropriate substitute for print local newspapers, and how the presence of online-only affects consumption of print newspapers. Similarly, we are unable to assess the impact of hyper-local newspapers.

A final limitation is an artefact of the way in which JICREG data is collected and stored. In some instances we found evidence of newspapers missing from the 2019 JICREG dataset that are currently in circulation, either in print or digitally. For example, in the London Borough of Ealing, available industry data identifies two local

¹⁰⁸ The source data from JICREG is observed at 'newspaper per Location' level. The data transformation steps and rationale are set out in Appendix A.1.

weekly newspapers operating in that area: the *Ealing Gazette*, published by Reach Plc¹⁰⁹ and the *Richmond and Twickenham Times*, published by Newsquest and represented online at ealingtimes.co.uk. However, the JICREG data for 2019 did not include either of these titles for Ealing (the titles were listed in 2017, with the *Gazette* also listed in 2012). Analysis of circulation and readership data for these titles in Mediatel contains JICREG readership data for the *Ealing Gazette* dated May 2019, further confusing the issue. Although we have confidence in the methodology employed in this analysis, the presence of some anomalous data in the original source dataset provided by JICREG means that some errors may be present.

3.1.2 Measurements of local newspaper performance

The geographic analysis is based on local newspaper variables reported by JICREG. The measures and their construction are set out below.

Total titles: This counts the number of local newspaper titles (sum of daily and weekly newspapers) covering each area, as determined by the thresholds outlined above. This captures the plurality of newspapers within each area. Note however that this does not indicate the publication type (tabloid or broadsheet) and periodicity (daily or weekly titles) prior to 2019¹¹⁰, and excludes any online local news sources (local newspapers only) and hyperlocals.

Circulation: Total circulation of all daily newspapers (*Daily circulation*) and all weekly newspapers (*Weekly circulation*) are captured in the JICREG source data by number of copies sold by area. These values have been normalised by number of households to allow comparison between LADs¹¹¹. This measure is considered to be a proxy for revenue and should have a strong positive correlation with *Average issues readership* (i.e. newspaper audience reach).

Daily circulation and *Weekly circulation* do not include circulation figures for newspaper titles for LADs where the penetration and circulation thresholds are not met (refer to Section 3.1.1) or where the frequency of circulation is unknown. Since the JICREG data only includes frequency (daily or weekly) for the 2019 data the analysis assumes that active titles have the same frequency from 2007 to 2019. Therefore, the circulation variable may understate circulation for earlier years by recording titles that have weekly publication frequency in 2019 as also circulating at this frequency so in earlier years. There may, therefore, be a small number of titles that downgraded from daily to weekly frequency between 2007 and 2019, but there is no mechanism to determine this in the JICREG data.

Monthly reach: Local newspaper reach by platform is provided for 2019 only. To prepare these variables, Plum has used the total monthly reach by platform for all newspapers within a LAD and has normalised the values by LAD adult population. It is not possible to assess whether readers access local news from multiple platforms (i.e. print and online) or read multiple local newspapers. Appropriate caveats have been applied to our analysis. *Monthly reach* is reported as several different measures, summarised below.

- *Total monthly reach:* The total reach of local newspapers among print and online readers. Note, *Total monthly reach* is smaller than the sum of *Print reach* and *Online reach* as it accounts for readers that consume both print and online editions.
- *Print reach:* Monthly reach of print editions for all local newspapers within the LAD.

¹⁰⁹ <https://local.reachsolutions.co.uk/brands/ealing-gazette/>

¹¹⁰ The frequency that a local newspaper issued is assumed to be the same in 2019 and earlier years. For local newspapers not captured in the 2019 data (title merger or defunct), best efforts have been undertaken to identify frequency from desk research; newspapers have been excluded from our analysis where we have been unable to identify and reconcile frequency.

¹¹¹ The circulation and average issue readership variables were provided in the JICREG data as nominal count of all issues sold and the average number of readers per issue.

- *Online reach*: Monthly reach of online editions for all local newspapers within the LAD. Note, Online reach is the sum of readers accessing the local newspaper online from both mobile and desktop, mobile-only and desktop-only.
 - *Mobile reach*: Monthly reach of online editions from mobile device for all local newspapers within the LAD.
 - *Desktop reach*: Monthly reach of online editions from desktop for all local newspapers with the LAD.

3.1.3 Establishing eligible local newspapers

In order to establish a measurable link between newspapers and the communities that they serve, certain filters were applied in order to remove from the analysis cases within the JICREG database where titles circulated very small numbers of copies in non-geographically contiguous areas (such as Scottish newspapers circulating in London boroughs). A detailed explanation of the rationale for applying filtering thresholds is included in Appendix A. A newspaper is recorded as covering a given LAD if JICREG data shows that it is consumed by 5% or more of households or if a certain proportion of the title's total copies are circulated in the LAD (10% of copies for daily newspapers, 20% for weeklies). These thresholds have been set low in order to capture all areas in which a title enjoys even modest consumption but also to exclude a 'long tail' of circulated copies across areas where the newspaper does not provide in-depth local coverage. Further, we have chosen to exclude national newspapers for Scotland (such as the *Scotsman* and the *Daily Record*) and Wales from our analysis on the basis that the extent of their geographical remit and the size of population they cover means that they do not provide consistent and targeted news coverage at the level of local communities¹¹².

3.2 Local newspaper titles

There has been a trend of decline in the number of local newspapers as recorded by JICREG from 2007 to 2019, as shown by Figure 3.1. This accords with other studies documenting newspaper closures and mergers, such as that conducted by *Press Gazette*¹¹³. The average number of local titles within a LAD has decreased from 2.53 in 2007 to 1.46 in 2019. There is significant variation in the number of daily and weekly newspapers within the LADs, as indicated by the range. The average number of daily and weekly titles for 2007 to 2019 appear to be fairly consistent. However, as noted in Section 3.1, the number of daily and weekly titles for 2007 to 2017 may be understated as information on publication frequency (daily or weekly) for titles that were no longer in circulation in 2019 is not available via JICREG data.

Figure 3.1: Newspaper titles within LADs

Newspaper variable*	2007	2012	2017	2019
LADs with at least one daily newspaper	209	184	147	142
LAD areas with local newspaper	375 of 380	373 of 380	342 of 380	358 of 380
Total titles – mean total (range)	3.29 (1 – 13)	2.66 (1 – 13)	2.22 (1 – 13)	2.07 (1 – 12)

¹¹² National newspapers for Scotland include the *Daily Record*, *Sunday Mail*, *Sunday Post*, *The National*, *The Scotsman*, the *Herald*, and the *Sunday Herald* (the latter closed in 2018). National newspapers for Wales include the *Western Mail* and *Wales on Sunday*.

¹¹³ <https://www.pressgazette.co.uk/more-than-40-local-news-titles-closed-in-2018-with-loss-of-some-editorial-275-jobs-new-figures-show/>

Newspaper variable*	2007	2012	2017	2019
Daily titles – mean total (range)	1.14 (1 – 3)	1.15 (1 – 3)	1.15 (1 – 3)	1.13 (1 – 2)
Weekly titles – mean total (range)	2.85 (1 – 12)	2.33 (1 – 12)	2 (1 – 12)	1.9 (1 – 11)

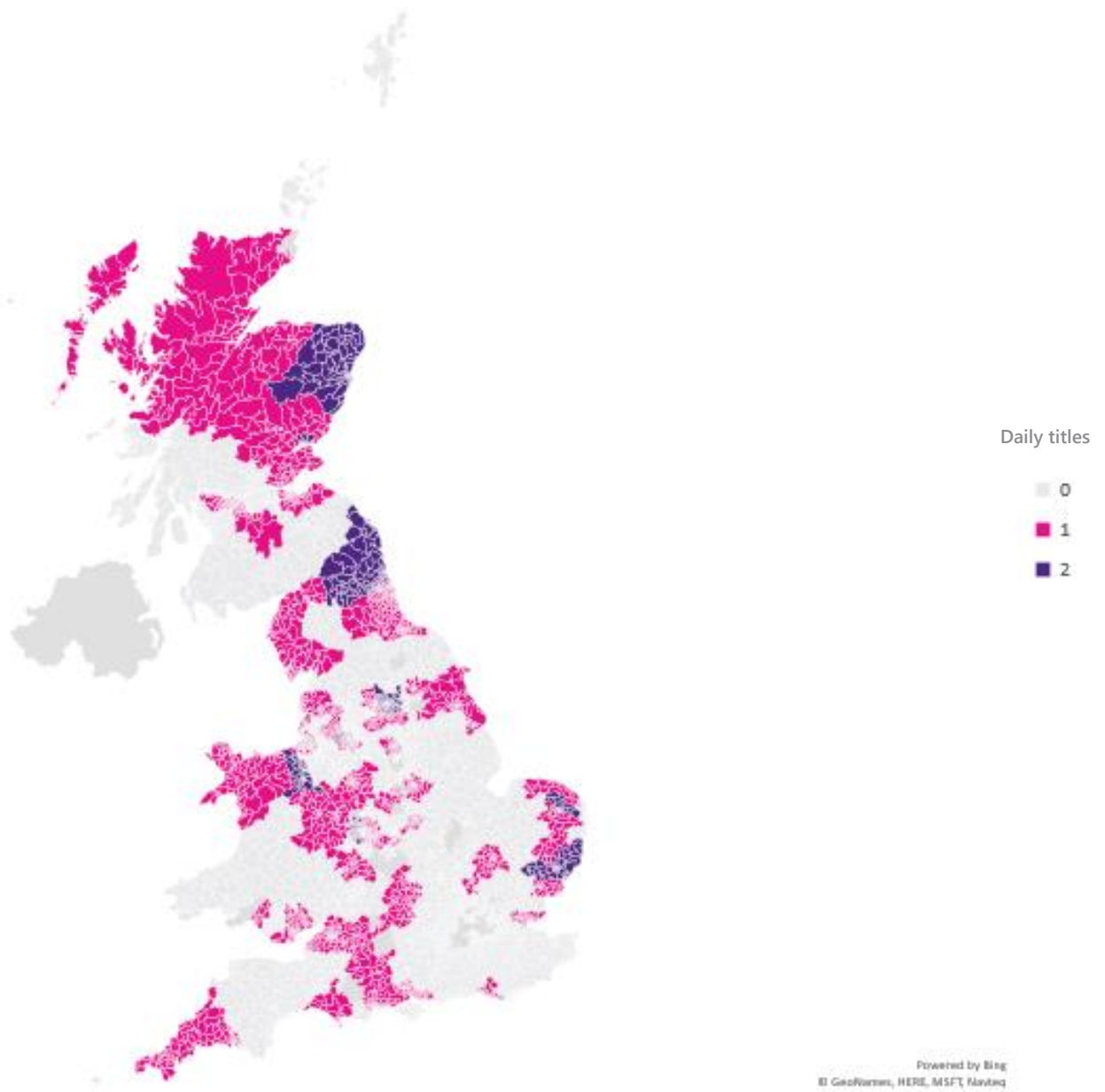
Source: Plum analysis of JICREG data. Notes: * LAD areas reporting no local titles are excluded from minimum and mean statistics.

The best served area in terms of overall titles and publishers is the Highlands with 12 local titles. This is also the area with the highest number of weekly titles from 2007 to 2019. The additional daily title included is the *Press & Journal* (Aberdeen and Aberdeenshire focused) which exceed the circulation and penetration thresholds to be included as a local newspaper for the Highlands. Aberdeenshire (2 dailies and 7 weeklies), Fife (one daily and seven weeklies) and Shropshire (one daily and eight weeklies) are other areas with a high number of local newspaper titles in 2019.

However, the majority of LADs are served by only one local newspaper. Of 150 LADs with only one newspaper in 2019, 47 have a single daily local title and 103 have a single weekly local title.

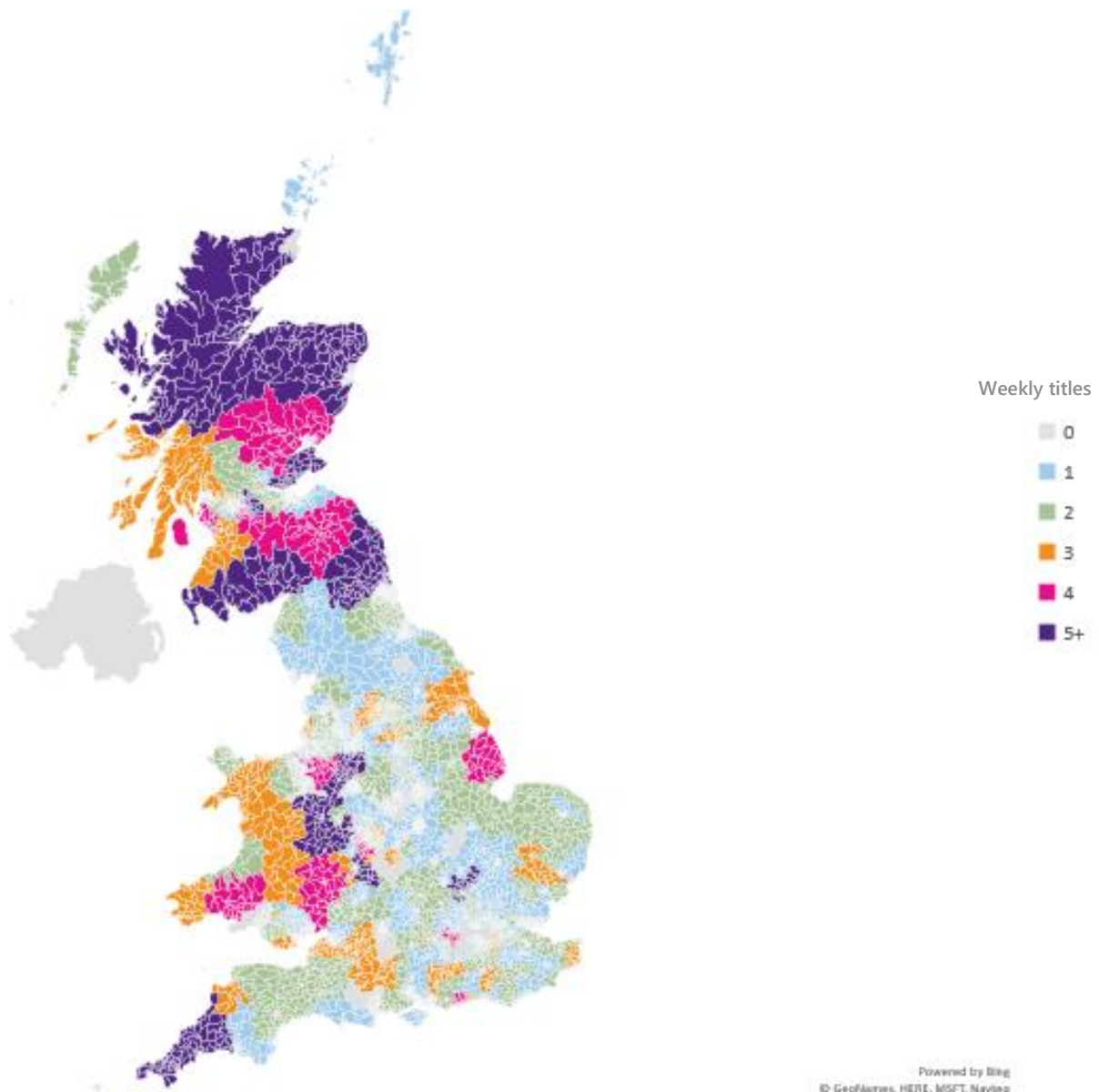
The JICREG data identifies 142 areas with at least one local daily newspaper. The number of LADs served by local newspapers (single or multiple titles, any type of publication frequency) has also declined significantly over the period from 375 to 358. Figure 3.2 shows LADs served by local daily newspapers and indicates the number of titles.

Figure 3.2: Daily local newspaper titles (2019)



Source: Plum analysis of JICREG data. Map shows postcode boundaries. Areas excluded from JICREG data are shown in grey.

Figure 3.3: Weekly local newspaper titles (2019)



Source: Plum analysis of JICREG data. Map shows postcode boundaries. Areas excluded from JICREG data are shown in grey.

LADs served by local weekly newspapers are shown in Figure 3.3. Comparison of local daily and weekly newspaper provision indicates some notable differences across the UK. Most areas are covered by a weekly local newspaper, but daily local newspaper coverage is less widespread. North Scotland and Aberdeenshire and north Wales have a relatively higher proportion of local daily titles, as indicated by the shaded areas above. Distribution of local weekly newspapers is more varied; however, LADs in Scotland appear to have a higher number of weekly titles overall compared to other parts of the UK.

Figure 3.4 identifies areas with potentially highest decline in newspaper titles. These 13 LADs are locations where there has been a decline of more than four titles overall. There are 39 LADs where there are three fewer titles and 80 LADs with two fewer titles.

Figure 3.4: Vulnerable areas – by decline in titles 2007-2019

LAD area	Total titles decline	Daily titles decline	Weekly titles decline
Amber Valley	5	1	4
Basildon	4	-	4
Bury	4	1	3
Cherwell	4	-	4
Cheshire West and Chester	4	1	3
Glasgow	4	-	4
East Cambridgeshire	4	1	3
Hambleton	5	2	3
Sevenoaks	6	-	6
South Buckinghamshire	4	-	4
St Edmundsbury	5	1	4
Tandridge	4	-	4
West Oxfordshire	4	-	4

Source: Plum analysis of JICREG data.

However, it should be noted that we also identify 79 LADs that have the same number of local titles as in 2007 and we find 14 LADs where there has been an overall increase in the number of titles due to the introduction of a new weekly newspaper¹¹⁴.

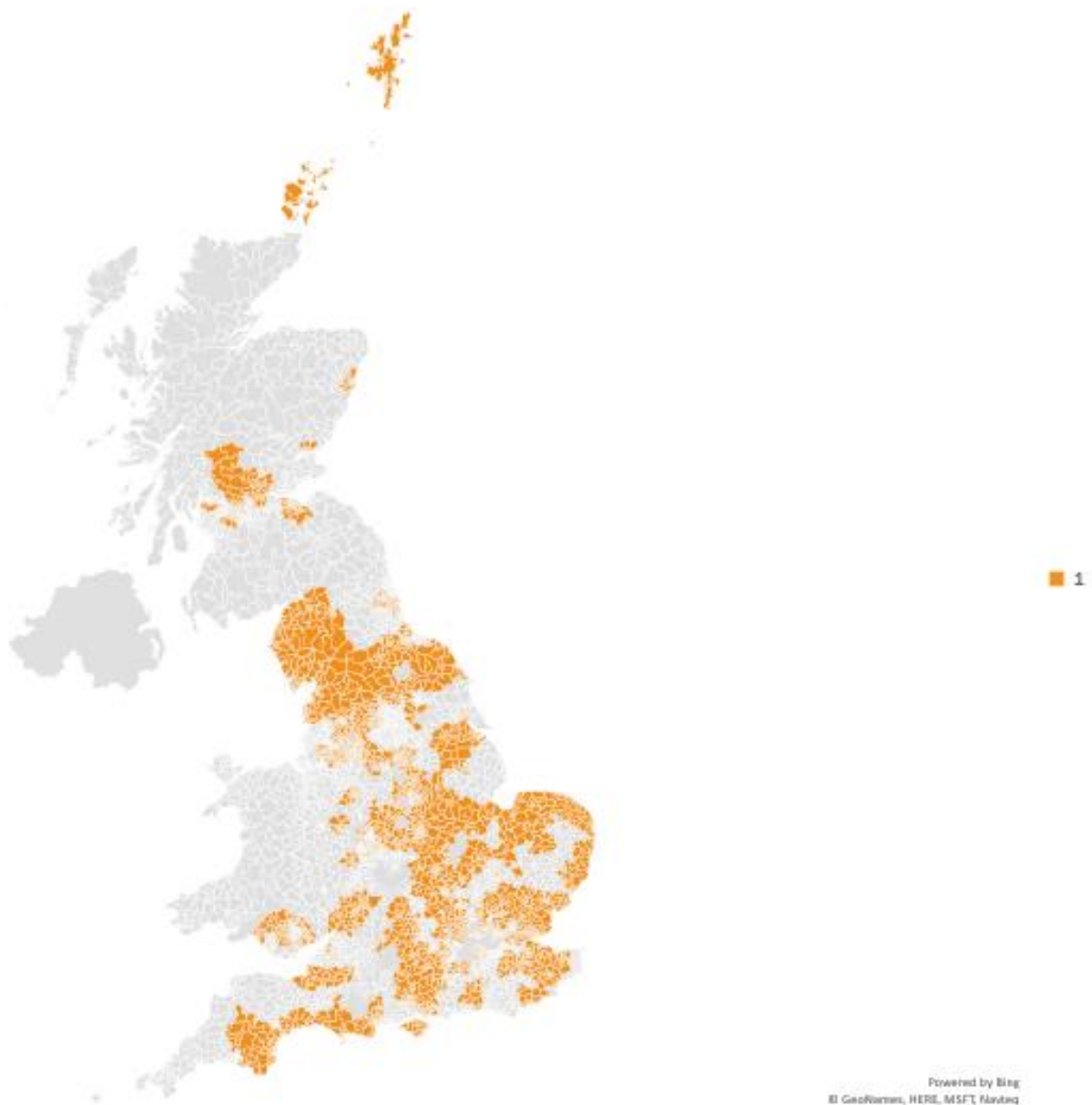
3.3 Concentration of publishers and coverage

There are 223 LADs that are served by only one publisher, as shown by Figure 3.5. Analysis by Kings College London finds that only 17 of 380 LADs in England, Scotland and Wales do not have a dominant publisher (defined as areas where the largest publisher accounts for less than 50% of total circulation)¹¹⁵. This has significant implications both for local news plurality within these LADs and for their vulnerability to decisions on journalistic provision by single publishers. Previous analyses have highlighted this issue in parts of Greater Manchester, for example, where Rochdale was identified (using slightly different methodology) as having been served by four local newspapers in 2015, all owned by the same publisher. While the area – by volume of available title at least – is well-served, significant shocks to such publishers (or the industry as a whole) may have a disproportionate effect on such areas in future. Without detailed research on editorial positions across multiple local titles by a single publisher, it is not possible to assess whether plurality of viewpoint (rather than newspaper) is exercised, however.

¹¹⁴ These areas include: Aberdeenshire, Arun, Babergh, Bridgend, Chichester, Exeter, Ipswich, Isle of Anglesey, Moray, New Forest, North Hertfordshire, Salford, Stockport and Wolverhampton. The JICREG data shows introduction of a daily newspaper in Wolverhampton, Salford, and North Hertfordshire.

¹¹⁵ G Ramsay and M Moore, May 2016, Monopolising local news: Is there an emerging local democratic deficit in the UK due to the decline of local newspapers?, Centre for the Study of Media, Communications and Power, Kings College London, London: <https://www.kcl.ac.uk/policy-institute/assets/cmcp/local-news.pdf>

Figure 3.5: Areas with only one publisher (2019)



Source: Plum analysis of JICREG data. Map shows postcode boundaries.

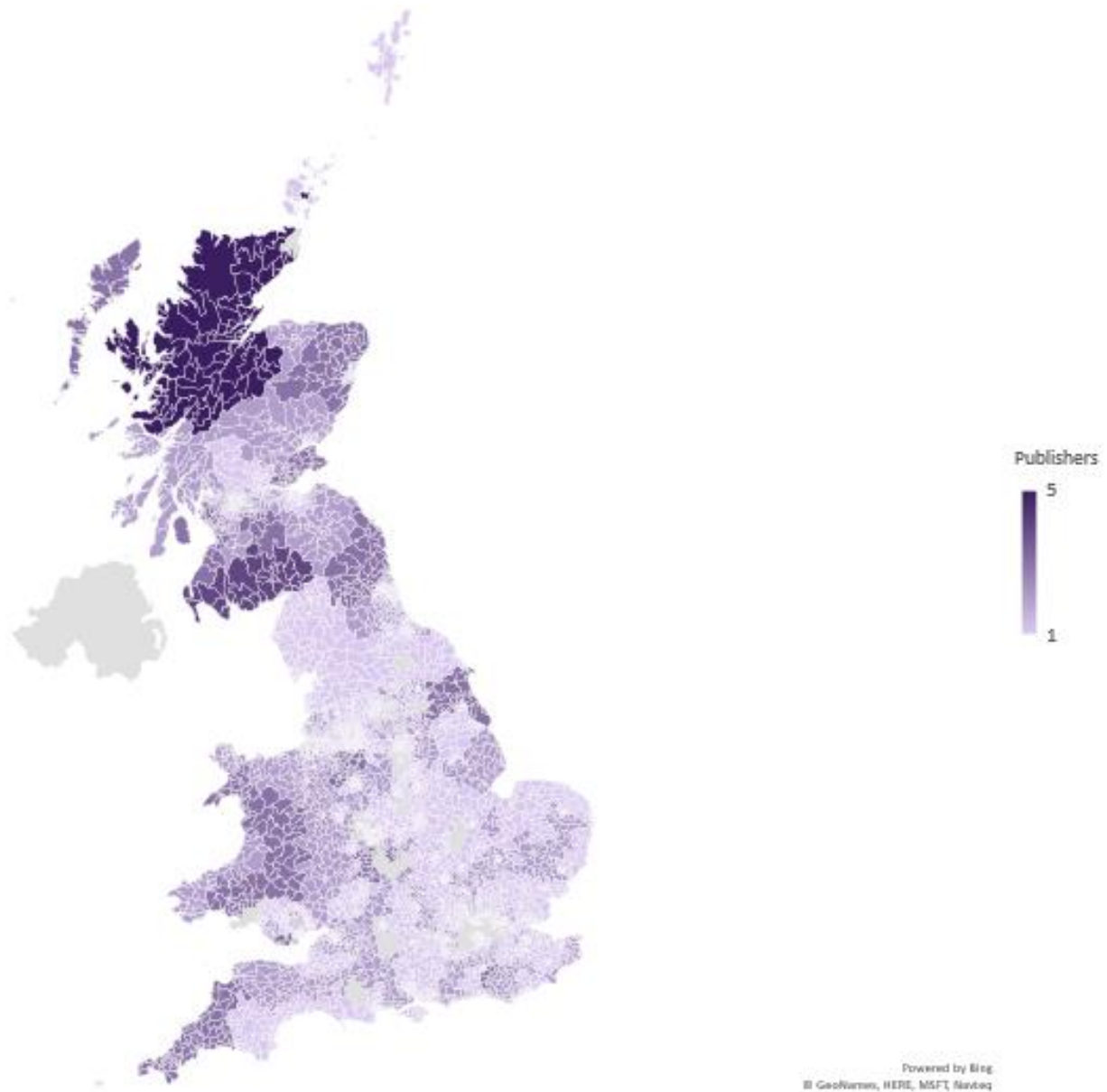
The majority of areas are served by only one publisher (223 LADs) or two publishers (110 LADs). The majority of areas with one publisher tend to have one or two local newspapers; there is significant variation between whether an area has only daily, only weekly or daily and weekly titles. Nevertheless, we find 14 areas where a single publisher provides three titles (most often dailies and weeklies). One daily and three weekly titles are provided in Birmingham by Reach Plc and in Bradford by Newsquest Media.

However, there are a small number of notable exceptions, as shown in Figure 3.6. As noted in Section 3.1, the Highlands area is particularly well served, with five publishers that provide 12 local newspaper titles, of which seven weekly titles are from Scottish Provincial Press¹¹⁶. The second most diverse area in terms of publishers is

¹¹⁶ Publishers in the Highlands area provides the following titles: Scottish Provincial Press provide seven weekly titles (*Strathspey & Badenoch Herald*, *Caithness Courier*, *Inverness Courier* (note: JICREG data identifies Tuesday and Friday editions as two separate titles), *Highland News Group*, *John O'Groats Journal*, *Northern Times*, and *Ross-shire Journal*), and other publishers provide one newspapers (West Highland Publishing provide weekly titles *West Highland Free Press*, D.C Thomson & Co provide daily Aberdeenshire title *Press & Journal*, Oban Times Ltd publishers weekly titles *Oban Times & West Highland Times*, JPI Media provide weekly title *Stornoway Gazette*).

Dumfries and Galloway, which is served by four publishers – Reach Plc (three titles)¹¹⁷, Dumfriesshire Newspaper Group (two titles)¹¹⁸, JPI Media (*Galloway Gazette*) and Wigton Free Press (*Stranraer and Wigtonshire Free Press*). They collectively provide six weekly titles. There are 23 areas that are served by three publishers.

Figure 3.6: Number of publishers (2019)



Source: Plum analysis of JICREG data. Map shows postcode boundaries. Areas excluded from JICREG data are shown in grey.

We also find there are 24 areas that have no local news provision or fall below the thresholds applied to identify whether a newspaper is local. These areas are shown below in Figure 3.7.

¹¹⁷ This includes *Galloway Gazette* and *Dumfries and Galloway Standard* – JICREG data identifies the Tuesday and Friday editions as separate titles.

¹¹⁸ This includes *Dumfries Courier* and *Annadale Series*.

Figure 3.7: Areas with no local news provision

Areas with no local news provision	
<ul style="list-style-type: none"> • City of London* • Ealing • East Northamptonshire* • Elmbridge • Erewash* • Greenwich • Hammersmith & Fulham • Haringey* • Harlow* • Hertsmere* • Hillingdon* • Hounslow* 	<ul style="list-style-type: none"> • Kensington & Chelsea • Lambeth • Lewisham • North Dorset* • North East Derbyshire* • North West Leicestershire • Runnymede • South Staffordshire • Southwark • Spelthorne • Woking*

Source: Plum analysis of JICREG data. Notes: *area served by local newspaper specific to LAD or across multiple LADs but excluded as penetration and circulation thresholds not met.

Some of the results in Figure 3.4 may be a result of the 2019 JICREG data. The example of Ealing has already been referenced in Section 3.1 (above), while other London Boroughs such as Lambeth and Southwark both continue to be served by the *Southwark News* according to Mediatel data, but are not included in the JICREG data for 2019.

3.4 Local newspaper circulation

We observe significant decline in local newspaper circulation for both daily and weekly titles, as shown in Figure 3.8. Weekly titles have the larger average issue circulation than daily titles, though these figures are not directly comparable due to periodicity. Our analysis indicates that local daily circulation in 2019 is 31% and weekly circulation is 39% of circulation in 2007. Note that the circulation figures are based on the circulation of all daily or weekly newspapers within the LAD; we do not consider circulation of individual daily or weekly newspapers.

Figure 3.8: Average circulation by all daily or all weekly issues for all newspapers within LADs

Newspaper variable*	2007	2012	2017	2019
Average total daily circulation for all titles in LAD (total copies)	13,615.08 (45+ – 90,439)	10,731.98 (48+ – 62,140)	7,386.8 (552 – 35,686)	5,430.65 (634 – 29,750)
Total daily circulation for all titles in LAD (circulation amongst households)	17.84 (1.17 – 97.91)	13.35 (1.51 – 71.24)	9.07 (0.97 – 59.96)	6.44 (0.72 – 48.89)
Total weekly circulation for all titles in LAD (total copies sold)	54,777.6 (470 – 265,592)	35,062.78 (384 – 209,449)	21,280.48 (152 – 195,155)	16,497.23 (101 – 166,937)

Source: Plum analysis of JICREG data. Notes: * LAD areas reporting no local titles are excluded from minimum and mean statistics. † Minimum daily circulation value for 2007 and 2012 relates to Isles of Scilly.

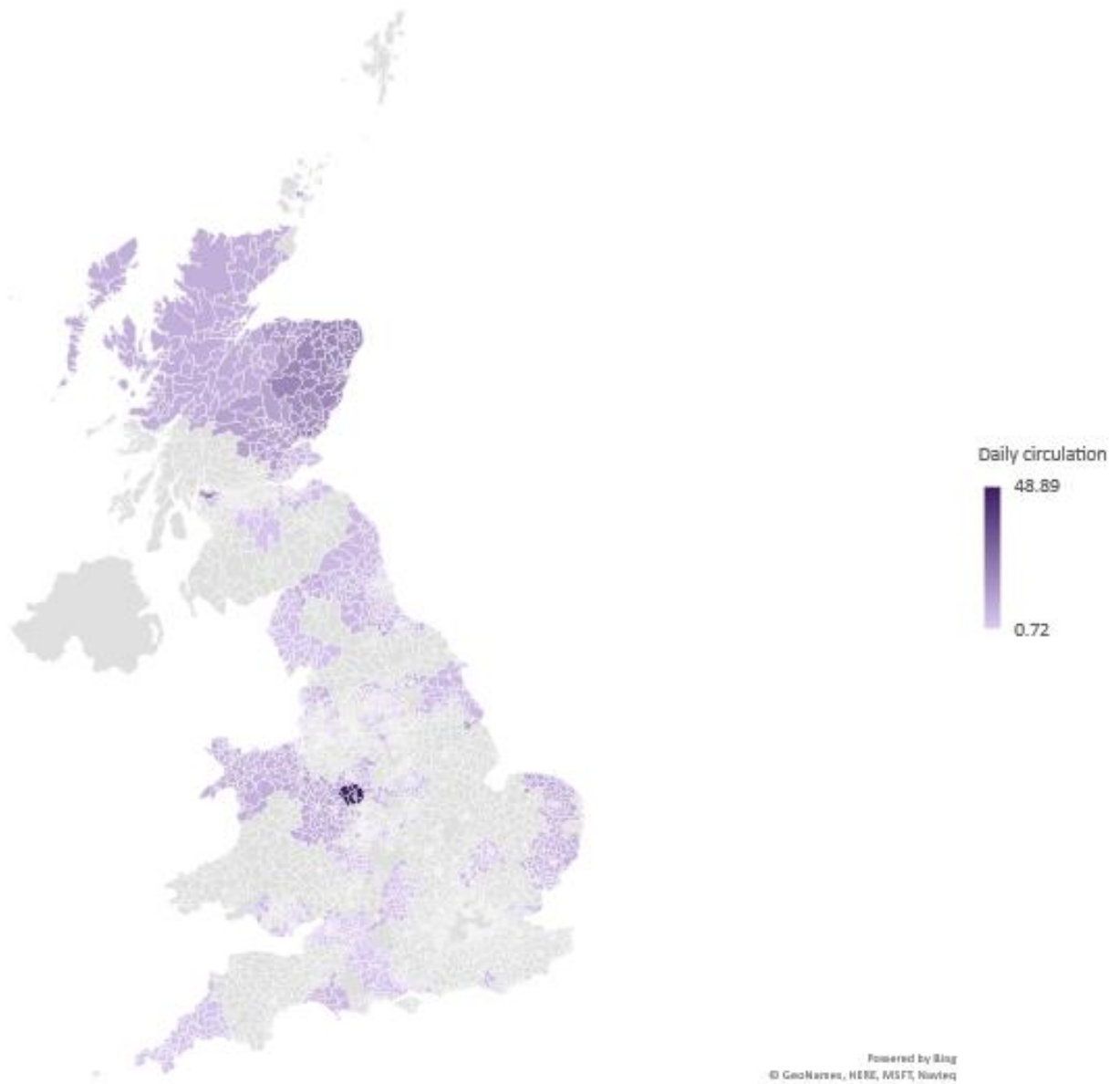
We identify 65 LADs where circulation of all daily newspapers amongst households is less than 5%. Total circulation of all daily newspapers is less than 1% in both Wakefield and Wiltshire; however, this is because these areas are served by a local daily newspaper that predominantly covers neighbouring LADs¹¹⁹. The *Huddersfield Examiner* exceeds our thresholds so is classed as a local daily newspaper for Wakefield. Similarly, *Western Daily Press* is classed as a local daily newspaper for Wiltshire.

LADs in Scotland tend to be high; circulation of all daily local newspapers exceeds 15% of households in Aberdeen City, Aberdeenshire, Angus, Dundee City and Inverness. Four English LADs – Stafford, South Staffordshire, Weymouth and Portland, and Wolverhampton – also exceed 15% circulation of all daily newspapers. The highest daily circulation is in Stafford (48.9% circulation of all daily newspapers amongst households) which has two paid daily newspapers, *West Midlands Express & Star* and *Staffordshire Newsletter*.

The relative level of daily and weekly circulation varies across the UK, as shown in Figure 3.9 and Figure 3.10. For example, daily circulation appears to be relatively higher than weekly circulation in north and western Scotland, but we observe the opposite preference in eastern Scotland. This may be due to several factors that are not controlled for in our analysis, such as distribution type (free or paid), overall proportion of titles by publication frequency, and quality of news content within the individual local newspapers. These factors vary considerably across areas. Due to the presence of multiple weekly newspapers in many LADs, the household circulation (percentage penetration) figure is in many cases above 100%. Longitudinal data for weekly newspaper household circulation is included in Appendix D.

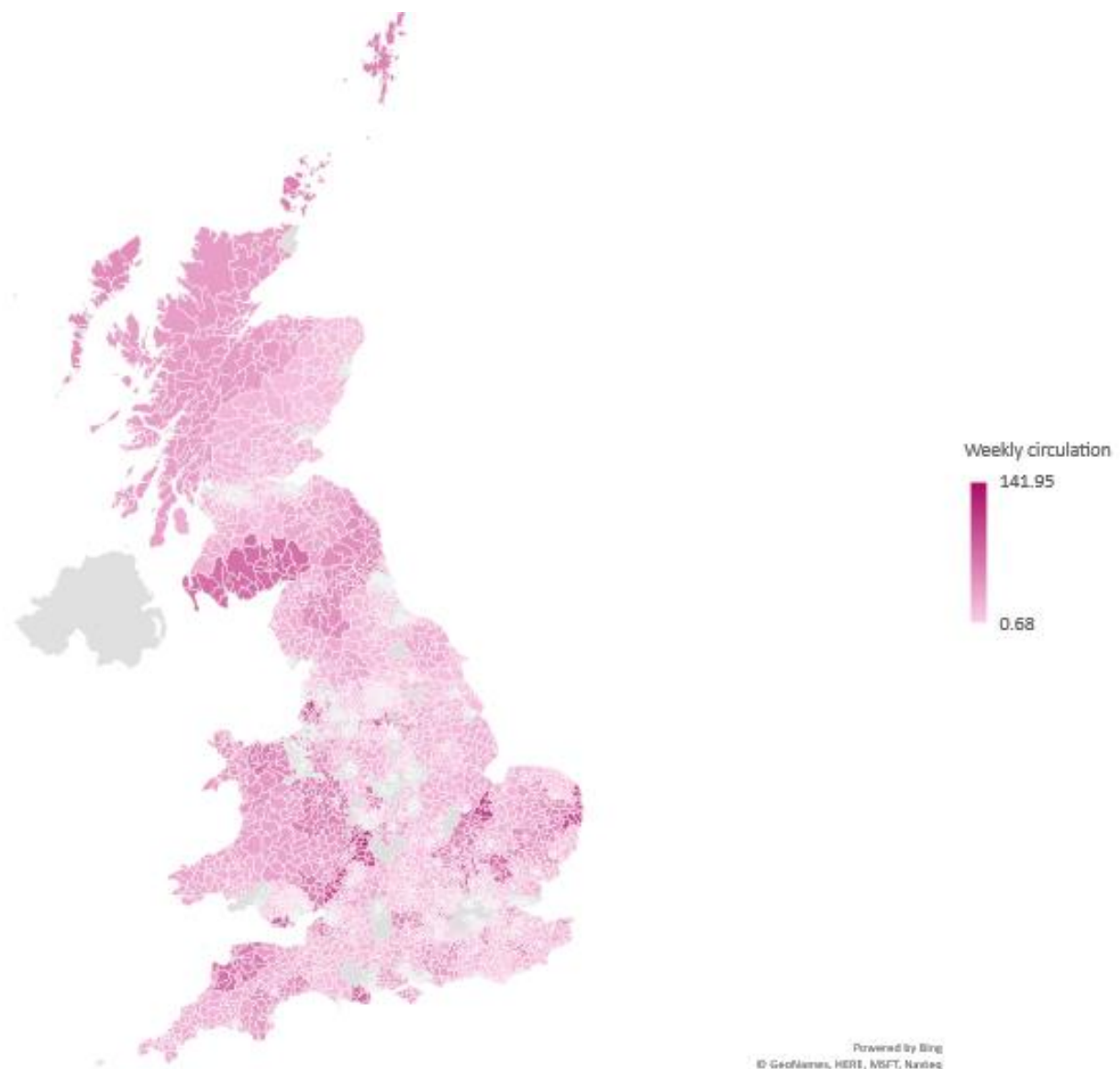
¹¹⁹ It is important to note that using the penetration and household thresholds excluded a significant number of local daily newspapers, particularly in metropolitan areas. Therefore, it was decided that the 'localness' of a newspaper would require the newspaper to exceed either the penetration or household thresholds, rather than both.

Figure 3.9: Circulation of all daily local newspapers (% household, 2019)



Source: Plum analysis of JICREG data. Map shows postcode boundaries. Areas excluded from JICREG data are shown in grey.

Figure 3.10: Circulation of all weekly local newspapers (% households, 2019)



Source: Plum analysis of JICREG data. Map shows postcode boundaries. Areas excluded from JICREG data are shown in grey.

Circulation amongst households for daily local newspapers in Stafford is 48.9%, shown by the dark purple area highlighted in Figure 3.9. There is only one local daily newspaper *West Midlands Express & Star* that serves this area (and exceeds the thresholds). However, average circulation per issue is very high (29,750 copies).

Although we assume a positive correlation between local newspaper titles and circulation, comparison of the circulation result and local titles suggests that increasing the number of local titles does not necessarily increase overall newspaper circulation within a LAD. This indicates that a single high circulation newspaper may deliver more value to a LAD than choice of middling titles.

We find 30 LADs where circulation of all daily newspapers within the LAD has declined by more than 20 percentage points. The most significant declines are observed in Bolton (79.4 percentage points; 2 titles to 1 titles) and Wrexham (97.9 percentage points; 3 titles to 2 titles) which is also related to closure of a local daily newspaper in each area. Similarly, there has been significant decline in circulation of local weekly newspapers. This includes six areas where there are no longer weekly newspapers; Barrow-in-Furness, Basildon, Castle Point, Derby, Rochford, and Southend-on-Sea.

3.5 Print and online reach

Figure 3.11 summarises average total local newspaper reach for all print and online editions for all local newspapers within LAD areas. Note that digital-first and online-only local news publishers are excluded from this analysis and we do not differentiate between daily and weekly publications.

Figure 3.11: Print and online reach of local newspapers (monthly average across LADs, 2019)

Newspaper reach	% total reach of local newspapers*	% LAD adult population
Total reach	100.00	79.03
Print reach	40.68	34.32
Online reach, total	78.70	60.27
Online reach, PC	14.53	11.47
Online reach, mobile	69.40	52.79

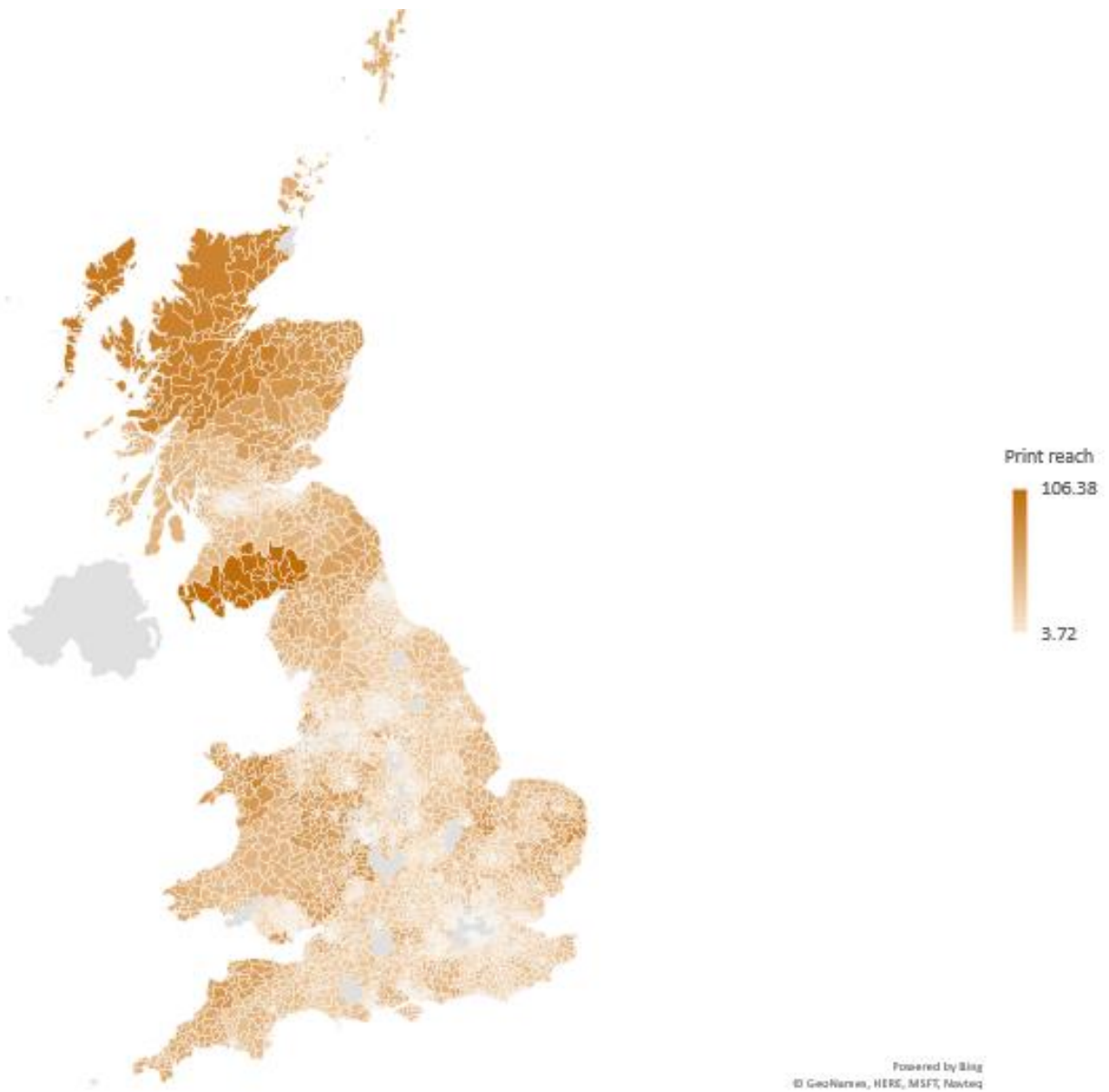
Source: Plum analysis of JICREG data. Note: * Sum of reach of all local newspapers (overestimate as it does not control for readers reading multiple print or online newspapers).

The table above indicates that online reach is significantly higher than print reach for local newspapers. Figure 3.11 indicates that online editions account for 78.7% of readership in comparison to 40.68% readership accessing print editions. We also observe that readers demonstrate a significant preference to access local news from mobile devices rather than PCs. One of the limitations of our analysis is that it does not differentiate by type of news content or publications to ascertain whether different platforms attract different audiences.

It is important to note, however, that the sum of online and print reach is larger than total reach. This occurs as readers of print and online editions are not mutually exclusive nor are we able to control for readers that read more than one publication; therefore these figures should be considered an upper-end estimate (or over-estimate) as we are unable to control for double counting. Similarly, there is not sufficient detail in the data to identify the proportion of LAD adult population that do not access local newspaper print or online editions. Therefore, the average online reach with LAD adult population of 60.27% is an estimate of maximum reach (assuming all readers are mutually exclusive).

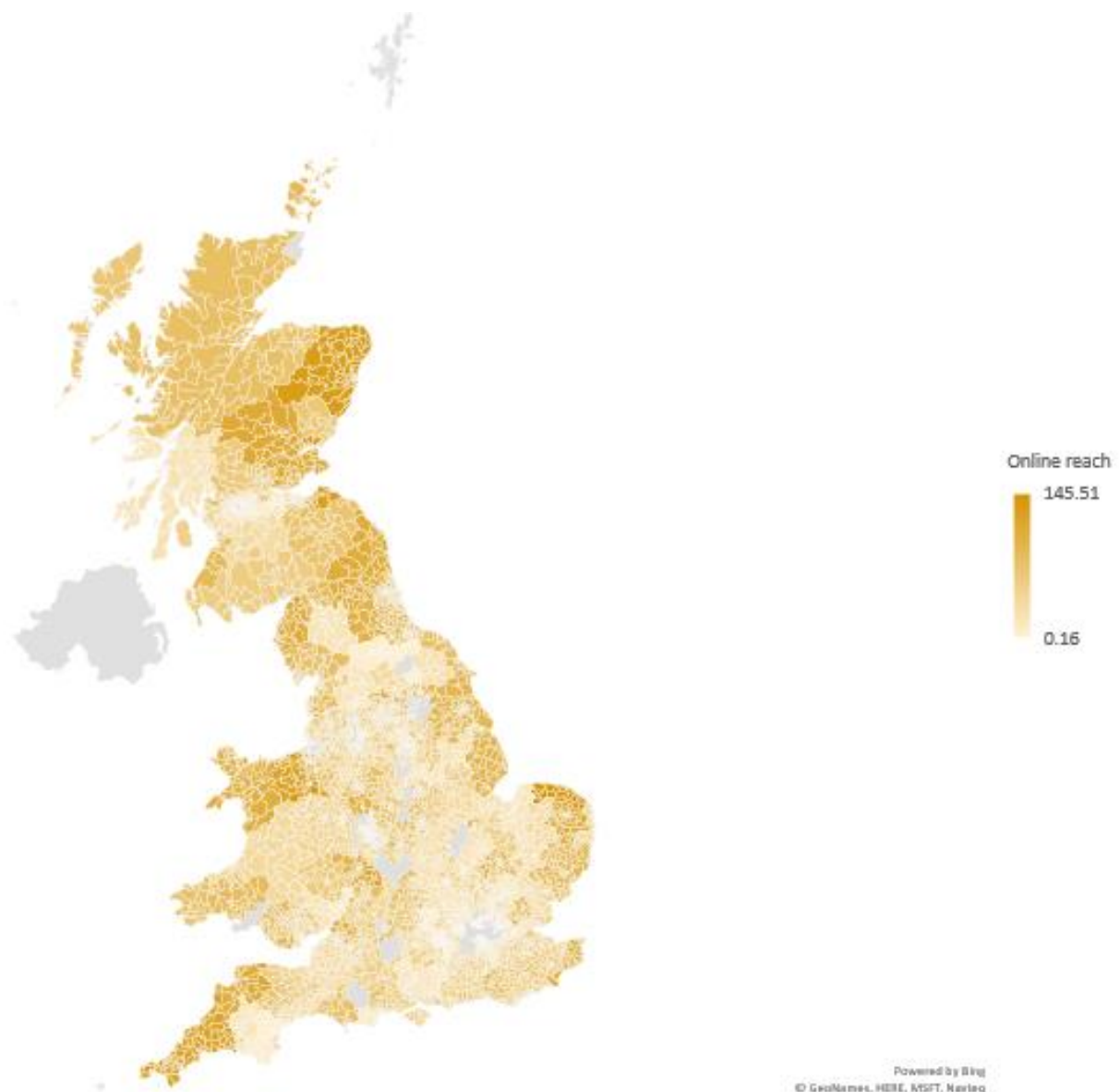
Print and online reach vary across UK regions, as illustrated by Figure 3.12 and Figure 3.13. Online reach is significantly higher than print reach, as shown by the map scales. The scale for print and online reach exceeds 100% of adult population in some areas. However, as noted above and based on the prior results, this is likely caused by audiences of several local newspapers being double counted rather than full reach across all of the adult population within a LAD.

Figure 3.12: Total print reach (% adult population, 2019)



Source: Plum analysis of JICREG data. Map shows postcode boundaries. Areas excluded from JICREG data are shown in grey.

Figure 3.13: Total online reach (% adult population, 2019)



Source: Plum analysis of JICREG data. Map shows postcode boundaries. Areas excluded from JICREG data are shown in grey.

We also find five areas where the JICREG data records only print reach (no online reach). In some cases this appears to be due to missing data, such as for the Shetland Islands (which is covered by the *Shetland Times with an online presence at shetlandtimes.co.uk*), but in other cases indicates that the local newspapers in those LADs do not publish their editorial content online (as in Selby). Other LADs without online reach data are Cannock Chase, Rossendale and Sandwell.

3.6 Summary of geographic analysis

This analysis finds an overall decline in the coverage and reach of UK local newspapers in the period between 2007 and 2019, in line with other studies such as that by the *Press Gazette*¹²⁰ and the National Union of

¹²⁰ <https://www.pressgazette.co.uk/more-than-40-local-news-titles-closed-in-2018-with-loss-of-some-editorial-275-jobs-new-figures-show/>

Journalists/Media Reform Coalition¹²¹. The decline of daily newspapers has been substantial, with a reduction from 209 LADs covered by a daily local paper in 2007 to 142 LADs in 2019 (once 'national' daily titles, non-local newspapers and newspapers with exceptionally low circulation and household penetration are removed from the LAD circulation data).

In 2019, 223 LADs were served by a single publisher. We identify that 73 LADs were covered by multiple titles from one publisher, while 150 LADs were covered by a single newspaper (47 by a daily title; 103 by a weekly title). The analysis also identified an increase in the number of LADs with no direct coverage from a local newspaper, from five in 2007 to 22 in 2019. As noted above, however, this finding would benefit from further targeted analysis to identify where titles may be missing from the 2019 JICREG data, as with the London Borough of Ealing (see Section 3.1).

The decline in coverage is paralleled by a reduction in daily and weekly print circulation. Our analysis indicates that average daily print circulation across all LADs in 2019 is at 31% of 2007 figures, while weekly print circulation in 2019 is at 39% of 2007 figures. The online reach of local newspapers in 2019 is significantly higher than reach via print, with an average of 79% of adult population across LADs accessing local news online (particularly via mobile), compared with an average of 41% of adult population for print. However, we should note that both figures are inflated by overlapping consumption of multiple local titles in those LADs that are served by more than one newspaper.

¹²¹ <https://www.mediareform.org.uk/wp-content/uploads/2017/12/mapping-changes-in-local-news-2015-2017-interactive-research-report-march-2017.pdf>

4 Local democracy and press sector analysis

A central objective of this study is to establish and understand the relationship between provision and consumption of local news and local democratic participation. In order to address this, we use econometric analysis to test for correlation between local election turnout (our measure of democratic participation) and characteristics of local newspaper performance and relevant socioeconomic factors.

Figure 4.1: Explanation of econometric analysis

Econometric analysis is a statistical technique that estimates the relationships (or correlations) between sets of variables. An econometric regression model consists of a dependent variable (the variable of interest) and one or more explanatory (or independent) variables. The model fits a best-fit trendline, determined by the underlying spread (or distribution) of data values, and computes an equation for that trendline.

This allows the model to determine the relationship between the dependent variable and each explanatory variable, assessing the strength and direction of each relationship, and its statistical reliability. These relationships can then be used to predict the value of the dependent variable for a given set of inputs. This approach allows the model to isolate the impact of the individual explanatory factors on the dependent variable. This allows the impact of changing one particular factor to be analysed, holding all explanatory factors constant.

The econometric analysis technique, choice of variables and robustness of the results depends on the underlying data. Thus, sufficient and representative data is required.

This section presents a high-level summary of the data, methodology, and results of the econometric analysis. A detailed discussion is set out in the technical appendices: Appendix A summarises the JICREG newspaper data, Appendix B discusses the two econometric methodologies employed (panel data regression and quantile regression) and discussion of the results, and Appendix C presents the regression results tables and charts.

4.1 Data description

The econometric analysis uses newspaper data from JICREG, local election data for LADs in England supplied by DCMS and labour market data available from the ONS's annual population survey. We use newspaper data from three years – 2007, 2012 and 2017¹²².

As noted in the geographic analysis (Section 3), the newspaper data provided by JICREG has been adjusted to reflect local newspaper performance across LADs (the local authority district aggregate) – rather than at individual newspaper level – and to create a common observation level with the local election and labour market data. The data transformation is set out in detail in Appendix Section A.1.

The JICREG data identifies circulation of local newspapers in LADs – including areas where a particular title would not be considered local¹²³. We use the same penetration and circulation thresholds that are used by the geographic analysis (see Section 3.1.1); however, the thresholds are relaxed so that a local title is included for all

¹²² JICREG newspaper data was provided for 2019; however, we do not have local election turnout for 2019 on. Thus, this year is excluded from our analysis.

¹²³ For example, circulation of the *Oban Times* was captured within Stafford, England, though it would not be considered a title local to this area. The raw data provided by JICREG is observed at newspaper level by location.

years provided that it exceed the thresholds in at least one year. The rationale for this is detailed in Appendix Section A.2.

Figure 4.2 describes the variables that are included within the econometric analysis. Appendix Section B.1.2 discusses the variables' construction and motivation for inclusion in the model in further detail.

Figure 4.2: Variables included in econometric analysis

Variable type (source)	Variables
Local election turnout (provide by DCMS)	<ul style="list-style-type: none"> • Turnout at local election (variable of interest; dependent variable)
Newspaper variables (JICREG)	<ul style="list-style-type: none"> • Total titles • Daily circulation per issues and weekly circulation per issues* • Daily and weekly average issue readership (AIR) by gender* • Daily and weekly AIR by age group* • Daily and weekly AIR by NRS occupational class*
Population controls (JICREG)	<ul style="list-style-type: none"> • LAD adult population • LAD adult population by demographic breakdown (by gender, by age group, by NRS occupational class)*
Labour market controls (ONS annual population survey)	<ul style="list-style-type: none"> • Unemployment rate (amongst adults 16-64 years old) • Qualification level: % adult population (16-64 years) with no qualifications and % adult population (16-64 years) with higher education (NVQ4+ level)

Notes: * variables are normalised by LAD adult population to allow like-for-like comparison of data points from different LADs.

4.2 Approach

Two different econometric techniques are applied to examine the correlation between local newspaper provision and consumption on local election turnout.

The first econometric technique we implement, panel data regression, exploits variations over time in order to determine the relationship between the newspaper variables, such as circulation, and the dependent variable, local election turnout. Our panel data set includes a measurement of turnout levels for each LAD observed in nearest subsequent year to the year of the JICREG newspaper data¹²⁴.

A key advantage of the panel data approach is that it allows us to control for unobserved specific characteristics of LADs that do not vary over time (such as geographic and demographic factors or perception of local council historical performance). It incorporates the fact that measurements for each individual LAD are very unlikely to be independent over time. For example, certain local cultural features may persist over time and may differ across LADs. Although these are not included in our data, they may be relevant for explaining local democratic participation, and are allowed by the panel data approach. We should note that this method only uses variations over time, not across LADs. As a consequence, only the effects of variables that change over time can be identified.

The second econometric technique we use, quantile regression, is implemented separately for each year in order to shed additional light on the relationship between local newspapers and local democratic participation. While the panel data methodology above exploits time variation to determine the average relationship of interest, quantile regression exploits variation across LADs to determine how the newspaper variables affect

¹²⁴ Note, as local elections do not occur each year or the years corresponding to the JICREG newspaper data (2007, 2012 and 2017), we use the local election turnout from the nearest subsequent year with an election.

LADs with different local election turnout. For example, in a given year, newspaper circulation may not affect LADs with high turnout, while significantly increasing participation in LADs with low electoral participation. Quantile regression allows for the characterisation of such diverse relationships.

4.3 Summary of findings

The econometric analysis indicates that local newspaper circulation and reach has a positive and significant effect on local election turnout over time. In particular, the positive correlation between circulation and turnout remains present across our analysis – in other words, areas with higher levels of local newspaper circulation also report higher local election turnout. We also find that the quantile regression results appear to be substantially less reliable than our analysis that uses time variation. This suggests that time invariant factors (such as specific geographic or demographic factors that are not captured in the data) are important determinants of a LAD's local election turnout rate.

Figure 4.3: Key findings for local newspaper performance and local election turnout over time

Local newspaper measure	Change in newspaper performance	Impact on turnout rate
Daily circulation	A 1 percentage point increase in daily circulation amongst adult population	0.37 percentage point increase
Weekly circulation	A 1 percentage point increase in weekly circulation amongst adult population	0.10 percentage point increase
Local newspaper title	An additional daily or weekly local newspaper title	1.27 percentage point increase
Daily AIR amongst over-65s	A 1 percentage point increase of daily average issue readership by over-65s in terms of adult population	0.50 percentage point increase
Weekly AIR across all age groups	A 1 percentage point increase of weekly average issue readership across all age groups in terms of adult population	Direction (positive or negative) and strength of correlation varies across age groups
AIR amongst C2DE readers	A 1 percentage point increase in daily or weekly average issue readership by C2DE readers (working class occupations and state pensioner) in terms of adult population	0.31 percentage point increase for daily newspapers, and 0.09 percentage point increase for weekly newspapers

Notes: the results from the panel data analysis, which allows for variation over LADs and over time, are presented above.

The key findings, summarised in Figure 4.3, are further discussed in the sections below. Detailed discussion of the econometric results is provided in Appendix section B.2 and regression results (tables and charts) can be reviewed in Appendix C.

4.3.1 Findings – variation over time

Our main finding is that local newspaper circulation has a positive and significant effect on local election turnout. In particular, we find that daily newspaper circulation – closely correlated with reach – is a stronger determinant of local election turnout than choice of local newspaper titles or weekly newspaper circulation. Increasing newspaper circulation within LAD adult population by 1 percentage point has a positive effect on local turnout. We observe a 0.37 percentage points increase in turnout in response to daily circulation, and a 0.10 percentage points increase in response to weekly circulation. Introducing an additional newspaper title increases local election turnout by 1.27 percentage points; however, the number of local newspaper titles is no longer an important factor in determining local election turnout when combined with circulation variables. Only

weekly newspaper circulation continues to have a significant – though modest – effect on turnout when both unemployment and education controls are added. However, this analysis is restricted to non-metropolitan areas due to data restrictions; there is insufficient data to estimate the effect of including unemployment and education controls in metropolitan areas.

We also find that reach – measured by average issue readership (AIR) – and its impact on local election turnout varies across age groups and occupational class¹²⁵. Weekly readership by age group has a stronger influence on turnout than daily readership; this is perhaps caused by average weekly AIR being higher than average daily AIR. We observe that increasing AIR of daily newspapers by over 65-year olds by 1 percentage point of adult population has a strong and positive effect, increasing turnout by 0.5 percentage points. Circulation of daily newspapers is not a key determinant of turnout of the other age groups. Similarly, for weekly newspapers, we find that increasing AIR by over 65 years olds leads to a 0.26 percentage point increase in turnout. However, we find AIR of weekly newspapers is a stronger determinant of turnout than AIR of daily newspapers as weekly readership affects turnout across most age groups. Increasing weekly AIR by 1 percentage point of population decreases turnout has significant explanatory values for all ages groups apart from 35-44 and over 65 year olds (consistent with the findings for daily newspapers). It should be noted that these results do not fully explain variation in local election turnout across age group that will be determined by other factors or variation by age group as we are unable to control for consumption of alternative news sources (for example online – local - news sources and/or national newspaper readership).

Increasing daily and weekly newspaper AIR by C2DE readers (working class occupations and state pensioners) has a strong effect to increase turnout; increasing AIR by 1 percentage point increases turnout by 0.31 percentage points for daily newspapers and 0.09 percentage points for weekly newspapers. However, increased turnout is not observed when AIR by ABC1 (middle class occupation) readers increases. The population controls included in this analysis also indicate that the turnout is lower in areas with higher proportion of ABC1 population.

Labour market characteristics are important determinants of observed turnout – though these results are limited to non-metropolitan areas due to data limitations. Increased unemployment rate and increasing overall education level (reducing population with no qualifications and increasing population with higher education qualifications) lowers turnout. This result is somewhat surprising but this may be an area-specific effect as labour market controls are only available for non-metropolitan areas. The explanatory effect of the labour market factors in determining turnout means that the newspaper or AIR by demographic group are lesser determinants of turnout when combined.

4.3.2 Findings – variation over areas

We implement quantile regression for the analysis of the impact of newspaper variables on different levels of local election participation. In contrast to the panel data analysis, quantile regression is implemented for each year separately (2007, 2012, and 2017) rather than observing changes in the LADs over time (2007 to 2017).

We find substantial variation in the relationship between the newspaper variables and local turnout across years and across areas with differing levels of turnout. For 2007, we find that the number of local newspaper titles is positively and significantly correlated with local election turnout in LADs with low turnout only. For 2012 and 2017 this relationship is no longer significant. We also find an overall negative relationship between daily circulation of newspapers and election turnout in 2007, and in 2017 for LADs with a low turnout. This conflicts with the panel results. The relationship between weekly newspaper circulation and election turnout is also negative for LADs between the second and sixth turnout deciles, in both 2007 and 2012. However, these findings

¹²⁵ We find that increasing AIR by men and AIR by women does not have a significant explanatory (or robust) effect on local election turnout.

are robust to the inclusion of the additional labour market controls for non-metropolitan areas considered in the panel data analysis.

As for the panel data results, the relationship between daily newspaper AIR by age group and turnout is weak or absent, which is confirmed for non-metropolitan areas once labour market controls are included. Overall for weekly newspaper AIR by age group, the quantile regression results support the conclusion of the panel data analysis that the relationship varies across age groups. In addition, we find that the strength of the relationship varies across levels of turnout. In contrast with the panel data analysis, the quantile regression results suggest a positive relationship between newspaper AIR by ABC1 (middle class occupation) readers and turnout; whereas increased C2DE (working class occupation and state pensioner) readership seems to decrease turnout.

Overall the results for the newspaper variables and AIR by occupational class differ substantially from the corresponding panel data results. In particular, whereas for daily and weekly circulation the panel regression analysis finds a positive relationship between newspaper variables and turnout, quantile regression finds a negative relationship. This difference suggests the presence of omitted factors that affect turnout and that are correlated with newspaper variables, such as circulation. The panel data approach partially addresses this issue by exploiting time variation in order to allow for time-invariant factors not captured in the data (for example, specific cultural or geographic characteristics of LADs that are consistent over time and that also influence local election turnout), and thus correcting for the resulting bias.

4.3.3 Limitations

There are limitations and caveats that need to be acknowledged when interpreting the econometric analysis. Some of these are common to the geographic analysis (refer to Section 3.1.3) and are therefore not repeated.

The lack of controls for alternate sources of local news consumption (such as online sources or local radio) is a shortcoming of the econometric analysis, and this information is not captured within the data. These can be considered as a substitute to local newspapers and will be an important factor in determining local democratic participation and the impact attributed to local newspapers alone.

The limitations of the econometric analysis are fully discussed in Appendix Section B.2.5. These limitations suggest that useful additional econometrics work could be done in the future by (1) including additional controls for different sources of local news consumption, (2) including labour market controls for all LADs (i.e. for metropolitan areas), as well as investigating different econometrics approaches to fully study the relationship between local election turnout and local newspaper performance.

5 International examples of government press sector interventions

Around the world, there is a wide range of interventions that aim to support news media. Figure 5.1 summarises the main international interventions analysed, setting out for each scheme the mode of intervention, a short description and, where available, the support provided in terms of total funding and the number of organisations and projects supported.

The vector of funding is generally direct grants/subsidies or tax relief. Current schemes in Australia, France, the Netherlands and Portugal involve direct grants or subsidies. In contrast, Canada has developed an extensive tax incentive scheme, including tax credits for journalist salaries, special tax status with respect to donations for journalism organisations, and tax relief on consumer purchases of digital subscriptions.

The organisations targeted for support vary by scheme. Subsidies in Austria and France target national, regional and local newspapers. In Canada, the Local Journalism Initiative specifically targets underserved local areas, but is media agnostic – supporting community newspapers, radio, television or other media. The Dutch Fund for In-depth Journalism supports articles, long-reads, photo reportages, journalistic books and biographies and investigative reports, for publishing or broadcasting. The New Jersey Civic Information Consortium supports projects that involve collaboration with universities who are members of the consortium. Most schemes have complex eligibility criteria which, for reasons of conciseness, are not included in Figure 5.1.

Activities supported by interventions fall into one of three main categories:

- **General operations.** The longest-standing newspaper subsidies in Austria and France support general activities, though in both countries more recent subsidy schemes target specific activities or initiatives.
- **Journalistic capacity.** In the Netherlands, interventions are directed at supporting journalism projects. In Canada, the Local Journalism Initiative supports the hiring of civic journalism reporters, while the Federal Government 2019 Budget Intervention provides a 25% tax credit for journalist salaries. In Austria, some subsidies are reserved for journalist training.
- **Innovation projects.** Australia, France and Portugal provide funding to help news organisations adapt to the changing media environment. Activities supported range from technology development, research, training and education, through to partnership development and coaching. This support is mainly oriented around digital capacity and skills.

In general, the administrators of the interventions report on the distribution of funds in terms of the amount spent and the organisations and/or projects supported. However, there has been very limited evaluation of the impact of the interventions. The report of the 2010 commission to review the French subsidy system concluded “that the country’s press has been kept in a state of permanent artificial respiration by the [...] state aid that they receive”¹²⁶. A 2006 study commissioned by KommAustria to evaluate the impact of its subsidies found that the Diversity Subsidy helped to maintain the existence of smaller papers, but that the Sales Promotion Subsidy did not prevent daily papers exiting the market, though closures were largely due to the collapse of the political party press. The Canadian Federal Government 2019 Budget Intervention, the New Jersey Civic Information Consortium are new and reporting and evaluation data is not yet available, while the recommendations of the Australian Consumer and Competition Commission (ACCC) have yet to be implemented.

¹²⁶ Lardeau, Matthieu and Patrick Le Floch (2013) ‘France: Press Subsidies – Inefficient but Enduring,’ in Paul Murschetz (ed) *State Aid for Newspapers: Theories, Cases, Actions*, New York: Springer, pp.195-214 (p.209)

In the context of the overall press sector, most interventions are relatively small in scale. For example, total French newspaper subsidies of €32.8m in 2017 represent about 1% of total newspaper industry revenues. To put this in perspective, GroupM estimates that newspaper advertising expenditure decreased by 5.9% in 2019¹²⁷. The subsidies are unlikely to hold back the tide of decreasing industry revenues. Although we do not have accurate data for other markets, we estimate that the support provided by interventions in Australia, Austria and the Netherlands is equivalent to less than 1% of newspaper revenues in each country.

Figure 5.1: Summary of international press sector interventions

Country	Intervention	Main modes of action					Description	Support provided
		Journalistic	Innovation	Platform	General subsidy	Tax relief		
Australia	Regional and Small Publishers Innovation Package	•	•				Grants for regional and small publishers to help them adapt to the new media environment Grants to support journalist training and early-career placements.	A\$12.6m awarded in rounds 1 and 2, with 62 beneficiaries in round 2.
Australia	Recommendations from ACCC Digital Inquiry	•		•		•	Proposed Code of Conduct for online platforms, grants for local journalism, and tax categories to assist journalism.	Mandatory Codes of Conduct rather than the proposed voluntary code. Public consultation on draft codes to be held in July 2020.
Austria	Press Promotion Act 2004	• ¹				•	For nationals and regionals, general subsidies and funding for journalist training.	In 2019, €8.89m was awarded across 111 applications, of which <€1.5m was for training.
Canada	Local Journalism Initiative	•					Subsidy for hiring civic journalism reporters in underserved areas.	In 2019, 105 reporters were funded across 94 organisations - total C\$2m.
Canada	Federal Government 2019 Budget Intervention	• ²				•	Special tax status for journalism organisations – 25% tax credits for journalist salaries, tax-free donations; personal tax credit for digital news subscriptions.	Not yet available. The budget intervention was launched in 2019. Information about take-up and impact is not yet available.
France	Aid Fund and Pluralism Support					•	Aid fund/plurality support subsidies for departmental, regional and local dailies, weeklies and periodicals.	In 2017, €17.2m was allocated across these funds, but the local/regional subsidy data is not broken out.
France	Strategic Press Development Fund		•				Grants for technology, process or content innovation projects - and international development.	In 2017, €15.6m was awarded in 79 grants of which largest were to national daily newspapers.

¹²⁷ GroupM, Worldwide Media Forecasts, December 2019.

Country	Intervention	Main modes of action					Description	Support provided
		Journalistic	Innovation	Platform	General subsidy	Tax relief		
Netherlands	Dutch Journalism Fund	•	•				Grants to support innovation, research, journalism projects and talent development.	In August 2019, the total budget allocated for a round of applications was €275,000.
Netherlands	Dutch Fund for In-depth Journalism	•					Grants for one-off investigative journalism projects and substantive research projects.	In 2018, the scheme funded 91 projects with a total value of €746,000.
New Jersey, USA	New Jersey Civic Information Consortium	•					Charitable corporation funding collaborations with universities for civic information, data, storytelling and research.	Not yet available. In January 2020, US\$1m was released, but grants have yet to be allocated.
Portugal	2015 State Incentive Scheme		•				Funding for local/regional media projects involving training, technology, digital, partnerships or education.	Not available. Lack of accessible information about allocated funding and project success.

Notes:

1 Journalistic capacity supported via a subsidy of training for journalists, not direct support.

2 Journalistic capacity supported via a tax credit on journalist salaries, not direct grant.

5.1 Australia – Regional and Small Publishers Innovation Package and ACCC Digital Inquiry Report

Key market features	
Number of national newspapers (name key papers)	Three national newspapers: <i>The Australian</i> (daily), <i>Financial Review</i> (daily), and <i>The Saturday Paper</i> (weekly)
Number of local and regional newspapers	21 regional newspapers, and large number of local newspapers
Advertising / subscription revenues	US\$1,095m advertising expenditure ¹²⁸ (2018, GroupM)
Print advertising vs. online advertising revenues	-
Weekly circulation figures	-
Population (millions)	25.0 million (2018, World Bank)
GDP per capita (£, current)	49,855 (2018, World Bank)

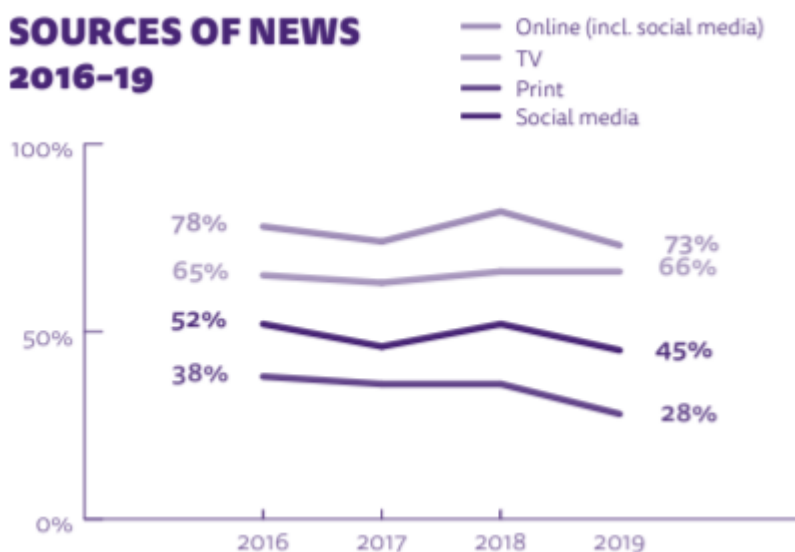
¹²⁸ Advertising expenditure includes agency fees. Advertising revenue received by newspapers will be net of these fees.

5.1.1 Overview of the media market

Australia's news media market has been reshaped by rapid technological advancements and digitalisation. The emergence of online news has led traditional media businesses – namely newspapers and broadcasters – to adopt new business models, revenue streams and, in some cases, altered how news is produced. Australia's news media sector also exhibits a high concentration of print and broadcast media ownership¹²⁹. However, print media tends to be largely decentralised with regional newspaper circulation being comparable to national newspaper circulation. The leading conglomerates tend to offer both print and broadcasting news media services.

There are three major print publishers in Australia that collectively offer three national and regional newspapers: Nine, News Corp, and Seven West Media. The national newspapers include two dailies – *The Australian* and *The Australian Financial Review* ('*Financial Review*') – and weekly newspaper *The Saturday Paper*¹³⁰. As of 2019, there are 21 regional titles covering the seven regions. Each region has a weekly newspaper though several regions have two weekly newspapers or daily newspapers that provide weekend editions. Daily regional newspapers often have a higher circulation than the national daily newspapers, such as *The Daily Telegraph* published in New South Wales and the *Herald Sun* published in Victoria and surrounding regions. All of the print newspapers also offer online editions¹³¹. Figures from the Audited Media Association of Australia (AMAA) reported that half-year circulation of newspapers from January to June 2018 compared to January to June 2017 had decline by 9-16% for all titles (national and regional newspapers, daily and weekly editions). Print media is the least popular source of news between 2016-2019 compared to online (the most popular source) and television (second most popular source), as shown by Figure 5.2.

Figure 5.2: Preferred news source



Source: Reuters Institute Digital News Report 2019

As previously noted, News Corp, Seven West Media and Nine all offer print and broadcasting news services and dominate free-to-air networks. There are two public broadcasting groups: Australian Broadcasting Corporation (ABC) which runs national and local public TV and radio, and Special Broadcasting Service (SBS) which offers a

¹²⁹ <https://www.bbc.co.uk/news/world-asia-15675260>

¹³⁰ <http://www.roymorgan.com/industries/media/readership/newspaper-readership>

¹³¹ Plum research of Australia newspaper offerings.

multilingual service. The public broadcaster news services, ABC News and SBS News, are the most trusted brand of news sources in Australia¹³².

The ACCC Digital Platform Inquiry report¹³³ found that digital platforms actively participate in the online news ecosystem and are not solely distributors or pure intermediaries in supply of news content. Digital platforms perform several of the functions of traditional media including selection and curation. For example, through content aggregation platforms *Apple News* and *Google News* and content creation from *Facebook Watch* which is a visual content platform distributing original content produced and funded by Facebook in Australia.

One of the key findings from the ACCC Digital Platform Inquiry noted that “Despite digital platforms increasingly performing similar findings to media businesses, virtually no media regulation applies to digital platforms in comparison with some other media businesses”¹³⁴. It urged for existing regulations to be reformed to remove inconsistencies between sector-specific (medium based) approach to media regulation. Print media are self-regulated under a regime supervised by the Australian Press Council (APC) and broadcasters face a complex co-regulatory system of legislative restrictions, licensing conditions and industry codes that is overseen by the Australian Communications and Media Authority (ACMA) and included minimum content quotas for Australian and local content. Regulation of online news publishing includes adherence to APC’s self-regulatory regime and Online news publishing must adhere to co-regulatory system overseen by the ACMA, including the Broadcasting Services Act 1992 (Cth) Schedules 5 and 7, Internet Industry Codes of Practice 2005, and Content Services Code 2008. Journalists who are members of the journalists’ union Media Entertainment and Arts Alliance (MEAA) are also expected to conform with the MEAA Journalist Code of Ethics.

The emergence of online news has had a negative impact on the overall performance of Australia’s news media sector. The total number of people employed in journalism-related occupations fell by 9% and the fall in traditional print (now print/online) journalist positions fell by 26% between 2006-2016¹³⁵. This has been accompanied by a significant decrease in the overall provision of print news (measured by number of articles) by Australia’s major metropolitan and national daily newspapers, as summarised by Figure 5.3.

Figure 5.3: Australia’s declining news provision from major metropolitan and national daily newspapers

- 26% fewer articles on local government issues than at peak local government coverage in 2005
- 40% fewer articles on local court reporting matter compared to peak coverage in 2005
- 30% fewer articles on health issues than at peak health reporting in 2004
- 42% fewer articles on science issues compared to peak coverage in 2006.

Source: ACCC Digital Platforms Inquiry, final report, Chapter 6.

Regional and local news media outlets have been most adversely affected. The ACCC report that more than 100 local and regional newspapers closed between 2008 and 2018, and the total number of local and regional publications declined by 15%. This resulted in 21 local government areas having been left without coverage by a local newspaper, including 16 local government areas in regional Australia (non-metropolitan areas).

The shift towards consuming news online rather than in-print has impacted publisher revenues. Consumers are increasingly choosing online subscriptions over print subscriptions. The ACCC report that the major print news publishers show print-only newspaper subscriptions have declined by 45% in the period from 2013 to 2018. However, there has been a net increase in total paid subscriptions, with most subscriptions offering subscription to digital editions or combined print-digital subscriptions, which increased since the end of 2014 by 450,000

¹³² Reuters Institute Digital News Report 2019: https://reutersinstitute.politics.ox.ac.uk/sites/default/files/2019-06/DNR_2019_FINAL_0.pdf

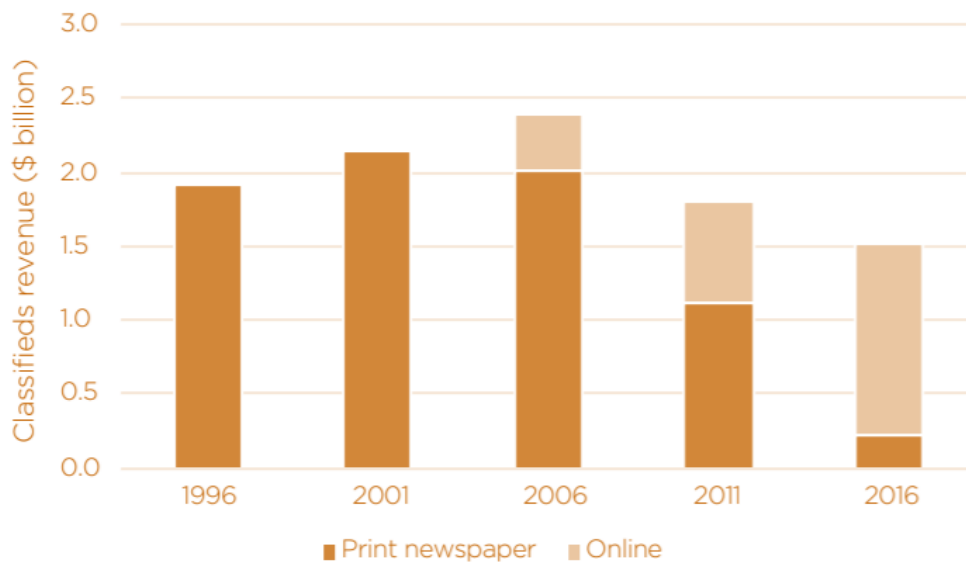
¹³³ ACCC Digital Platforms Inquiry, final report: <https://www.accc.gov.au/focus-areas/inquiries-ongoing/digital-platforms-inquiry>

¹³⁴ ACCC Digital Platforms Inquiry, final report, Chapter 4.

¹³⁵ ACCC Digital Platforms Inquiry, final report, chapter 6.

subscriptions. Reuters Institute report that 14% of readers pay for online news¹³⁶. Australian print publishers have also lost significant amounts of classified advertising revenues in response to the emergence of specialised online marketplaces and listings websites, as shown in Figure 5.4.

Figure 5.4: Changes in print and online classified revenue in Australia



Source: ACCC Digital Platform Inquiry, final report, Chapter 6 (figure 6.2)

Media freedom and independence is a further issue currently facing the Australian news media sector. In June 2019, police raided the public broadcaster ABC and the residential home of a journalist working for News Corp. The Australian authorities' actions were induced by press leaks of top-secret information and sought to identify the leak sources though the Government and policy authorities both reported that the actions were not undertaken in the knowledge of the government. The action led to a significant backlash, with the journalists' union APC raising concerns about press freedom and civil liberties groups condemning the actions¹³⁷. On 21 October 2019, News Corp and Nine mastheads ran "censored" front pages across all newspaper titles as a combined protest against recent actions. The Australian Parliament has tabled a press freedom inquiry which will report its finding in 2020¹³⁸.

5.1.2 Summary of existing interventions

A notable recent state intervention has been the findings of the Australian Competition and Consumer Commission (ACCC) Digital Platforms Inquiry report¹³⁹, which made several recommendations which are outlined in Figure 5.5. The measures proposed include grants for local journalism and tax setting to encourage philanthropic support. Note that the Inquiry's Preliminary Report identified support tax offsets for publishers and making personal newspaper and magazine subscriptions tax deductible as potential public policy measures. However, it was concluded that these would not be the most effective or efficient ways to address under-provision of local and public interest journalism.

¹³⁶ Reuters Institute Digital News Report

¹³⁷ See: <https://www.bbc.co.uk/news/world-australia-48537377>

¹³⁸ See:

https://www.apc.gov.au/About_Parliament/House_of_Representatives/About_the_House_News/Media_Releases/Press_freedom_inquiry_new_submissions_and_reporting_timeframe

¹³⁹ See: <https://www.accc.gov.au/focus-areas/inquiries-ongoing/digital-platforms-inquiry>

Figure 5.5: Recommendations of ACCC Digital Platforms inquiry

The ACCC's final report regarding the Digital Platform inquiry was published on 26 July 2019. The inquiry covered several issues relating to digital platforms, with dedicated chapters on the following issues.

- Characteristics and growth of digital platforms (Chapter 1).
- Examination of the extent to which Google and Facebook hold substantial market power, and identify the specific markets where power is held (Chapter 2).
- Outlining the relationships between digital platforms and advertisers (Chapter 3).
- Review of regulatory frameworks managing digital platforms and media businesses to identify divergence and imbalance (Chapter 4).
- Analysis of the commercial relationships between digital platforms and media businesses focusing on bargaining power imbalance and copyright regulations (Chapter 5).
- Impact of digital platforms on the choice and quality of news and journalism, and identifies potential harms from reduction in choice (Chapter 6).
- Consumer protection issues relating to digital platforms, such as use of data (Chapter 7).
- Analysis of emerging online harms from scams, AI and other new technology and how this may shape relationships between digital platforms, advertising and news media (Chapter 8).

The Recommendations most relevant to the funding of public interest journalism and regional news are outlined in Chapters 5 and 6. The key recommendations are outlined below.

Recommendation 7: Designated digital platforms to provide codes of conduct governing relationships between digital platforms and media businesses to the ACMA (Chapter 5)

Designated digital platforms should each implement a code of conduct to ensure that new media businesses are treated fairly, reasonably and transparently. The code contains several commitments, such as sharing of data with news media businesses, early notification of changes in ranking of display or news content, and that digital platforms will not impede news media businesses opportunities to monetise their content appropriately and will fairly negotiate how revenue derived by digital platforms from news content will be shared.

Recommendation 9: Stable and adequate funding for the public broadcasters (Chapter 6)

Public broadcasters ABC and SBS should receive "stable and adequate" funding in recognition of their role providing public interest journalism and to acknowledge the (financial and other) risk for providing this under-served content.

Recommendation 10: Grants for local journalism (Chapter 6)

Proposal that the Regional and Small Publishers Jobs and Innovation Package (the focus of this case study) should be replaced with a targeted grants program aimed to support original local and regional journalism, including that relating to local government and courts. It recommends that the program is platform-neutral and administered by an independent committee on behalf of the government. As this would have broader scope, the budget should be extended from A\$20million to A\$50 million per year.

Recommendation 11: Tax setting to encourage philanthropic support for journalism (Chapter 6)

It is proposed that new tax categories should be created for charitable purpose and deductible gift recipients (DGR) status for not-for-profit organisations that create, promote or assist public interest journalism. For new media organisations, this should include compliance with existing industry codes and becoming 'registered charity' and DGR status. In practice, it would allow donations to be tax deductible.

The outcome and implementation of these recommendations are covered in Section 5.1.5.

Source: ACCC Digital Platforms Inquiry, final report

Previous interventions offering press funding and support in Australia have been offered independently and/or by the private sector. These focus on providing grants to support public interest journalism and local press outlets and to directly subsidise journalism training and positions. Several of the most well-known interventions are outlined below. To our knowledge, there are no prior public funding subsidies.

The Judith Neilson Institute for Journalism and Ideas (JNII)¹⁴⁰ was founded in 2018 as a centre for journalism based in Australia, with global reach, with the aim to support and promote quality journalism in Australia and globally. It offers resources for journalists and publishers to develop further skills and knowledge, offers educational programs and grants. The Institute was established with A\$100 million by philanthropist Judith Neilson. Examples of early-stage projects funded by the Institute are outlined below.

- Pilot program in partnership with ABC¹⁴¹ – JNII are sponsoring a pilot program across northern Western Australia and the Northern Territory (classified as regional, rural and remote areas) where ABC journalists and specialists train local educators and students to deliver media literacy workshops.
- Democracy's Watchdog¹⁴² – funding to conduct interviews with leading investigative journalists that explore their work and role in enhancing democratic processes.
- Funding for Guardian Australia¹⁴³ – funding dedicated to appointing a Pacific editor to establish a network of independent journalists and to commission major investigations in Australia.

The Walkley Foundation¹⁴⁴ campaigns for public interest journalism and offers grants for journalism and various scholarships and fellowships. The Foundation offers a total of A\$110,000 for 2020, through three specific grants to fund public journalism¹⁴⁵.

- Walkley Grant for Freelance Journalism on Regional Australia – A\$75,00 offered to assist Australian freelance journalists to produce significant projects on the theme of "Reporting Regional Australia".
- Judith Neilson Institute Grant for Asian Journalism – JNII partners with the Walkley Foundation to offer a total of A\$25,000 in grants to support freelance journalism reporting on Asia region.
- Sean Dorney Grant for Pacific Journalism – A\$10,000 offered annually to assist an Australian journalist (freelance or employed) to produce significant work in any medium. The work should focus on Pacific island perspectives on under reported issues or development.

The Public Interest Journalism Initiative (PIJI)¹⁴⁶ is a not-for-profit body established as a limited life initiative (for three to five years) to conduct research, develop policy and promote public discussion to ensure a sustainable future for public interest journalism and its role in supporting democracy. PIJI focus is public interest journalism, and as its website notes: "Upheavals in the Australian news media landscape are leading to vastly reduced coverage of areas like our councils, parliaments and courts. Local media organisations are rapidly disappearing, along with thousands of journalists' jobs." Although PIJI does not provide direct funding, they fund, conduct and publish research on the press sector and public policy. Most recently, this has included a report on tax

¹⁴⁰ See: <https://jnii.org/about>

¹⁴¹ See: <https://jnii.org/partnerships/abc-21062019-115340>

¹⁴² Further information on JNII's funding of Democracy's Watchdog programme is available: <https://jnii.org/partnerships/democracys-watchdogs-11112019-091441>

¹⁴³ See: <https://jnii.org/partnerships/the-guardian-21062019-115402>

¹⁴⁴ See: <https://www.walkleys.com/>

¹⁴⁵ See: <https://www.walkleys.com/grants/>

¹⁴⁶ See: <https://piji.com.au/>

concessions for public interest journalism¹⁴⁷. The JNJI, Walkley Foundation and PIJI all state that they are non-partisan and independent.

Facebook and Google have also launched recent funding initiatives that have offered support to the Australian press sector. This includes the Google News Initiative (GNI), which provides support to news publishers in order to continue provision of quality news content on digital platforms and to support publishers and news agencies adapt to digital platforms by funding technology and tools¹⁴⁸. Google has committed US\$300 million of funding available globally to support journalism over the next three years; however, there is no information on the specific projects or how much funding has been allocated in Australia. Facebook announced A\$5 million funding in Australian news sector to support journalists, news organisations and academics¹⁴⁹. They have also launched the Facebook Journalism Project News Accelerator which aims to build digital subscriptions for local news publishers and has been supported by the Walkley Foundation¹⁵⁰.

5.1.3 Objective of the intervention

The Regional and Small Publishers Jobs and Innovation Package follows the Communications Legislation Amendment (Regional and Small Publishers Innovation Fund) Bill 2017, which initiated an inquiry and report by the Environment and Communications Legislation Committee by February 2018.

The Australian Government subsequently introduced the Regional and Small Publishers Jobs and Innovation Package in 2018¹⁵¹. The Package consists of three programs (discussed in Section 5.1.4) which are designed to help regional and small metropolitan (local) publishers adapt to the challenges faced in the recent media environment and to create additional employment and educational opportunities, and to ensure production of quality journalism continues to be supported.

The Australian Government webpage notes two broader public policy objectives of the Package. Firstly, quality journalism is an important feature of democracy, and local interest journalism is important to develop and maintain strong regional communities. Second, that effective journalism helps hold institutions to account and provides the public with reliable information and a framework in which to understand complex issues.

5.1.4 Design of the intervention and its implementation

The Regional and Small Publishers Jobs and Innovation Package is split into three programs (discussed below) and offers a total of A\$60.4 million in funding over three years (2018 to 2020).

The Regional and Small Publishers Innovation Fund

The Regional and Small Publishers Innovation Fund (the Innovation Fund) is administered by the Australian Communications and Media Authority (ACMA) on behalf of the Australian Government and was introduced in 2018¹⁵². The fund is intended to provide up to A\$16 million over three years, specifically for regional and small publishers. Its objective is to assist regional and small publishers adapt to the modern media environment and to make their businesses more sustainable.

¹⁴⁷ The Centre for International Economics, 20 November 2019, "Tax concessions for Public Interest Journalism" prepared for Public Interest Journalism Initiative. <https://piji.com.au/wp-content/uploads/2019/11/piji-tax-concessions-for-public-interest-journalism.pdf>

¹⁴⁸ The Google News Initiatives specific goals are to: (1) evaluate and strengthen quality journalism, (2) evolve business models to drive sustainable growth, and (3) empower news organisations through technological innovation.

¹⁴⁹ See <https://www.thedrum.com/news/2019/02/28/facebook-makes-investments-australian-media-sector-and-expresses-support-press>

¹⁵⁰ The Facebook Journalism Project News Accelerator originally launched in the United States in 2018.

¹⁵¹ See: <https://www.communications.gov.au/what-we-do/television/regional-and-small-publishers-jobs-and-innovation-package>

¹⁵² See: <https://www.acma.gov.au/regional-and-small-publishers-innovation-fund>

The Australian Government notes that the Innovation Fund will need to achieve the following outcomes to be successful¹⁵³.

- Support projects that aim to improve capacity of small and regional news publishers and content services providers to generate revenue from the production of public interest journalism.
- Encourage innovation and experimentation in digital journalism.
- Support business improvement activities to strengthen the financial position of small and regional news publishers and content service providers.

The ACMA have offered two rounds of Innovation Fund grants to eligible regional and small publishers. The first round closed in December 2018 and targeted existing publishers. It was overseen by an independent Advisory Committee of academics and industry experts and offered up to A\$3.6 million in funding^{154,155}.

The second round of Innovation Fund grants were a specific grant targeted at new publishers and content providers in selected regional areas, referred to as the Regional Grant Opportunity (RGO). It aims to support eligible publishers who want to make their businesses more sustainable. For example, this includes improving their processes to gather and distribute news, increase advertising or subscription revenues, increase readership/distribution, and to reduce operating costs through more efficient business practices¹⁵⁶. Applications to the RGO closed in June 2019 and offered a total A\$12.4 million in funding. The anticipated grant value for individual awards was A\$1 to A\$400,000.

The Regional Journalism Scholarships Program

The Regional Journalism Scholarships Program (the Scholarships Program) is managed by the Department for Infrastructure, Transport, Regional Development and Communications (previously the Department for Communications and the Arts) and runs for two financial years, 2018-19 and 2019-20. It aims to support emerging journalists acquire essential skills and knowledge to operate in the current press industry and to be prepared for their career upon completion of their studies.

The Scholarships Program has three aims:

- To increase the number of regional and remote students undertaking journalism courses.
- To improve the rate of completion for these courses.
- To increase the number of regional and remote students who are ready to work in the press sector after completing their studies.

The Regional and Small Publishers Cadetships Program

Similarly, the Regional and Small Publishers Cadetships Program (the Cadetships Program) runs over two financial years (2018-19 and 2019-20) and is overseen by the Department for Infrastructure, Transport, Regional

¹⁵³ See: <https://www.grants.gov.au/?event=public.GO.show&GOUUID=0BC74D89-95C4-A769-3982211F913C5FDA>

¹⁵⁴ See: <https://www.acma.gov.au/innovation-fund-round-1>

¹⁵⁵ Note: from the information available, it is unclear if the A\$3.6 million funding for the Innovation Fund first round of grants was a budget limit, or whether this represents the amount of grants awarded to successful applicants.

¹⁵⁶ See: <https://www.grants.gov.au/?event=public.GO.show&GOUUID=638883B6-04FB-AF46-2638FD3BD010666A>

Development and Communications. The Cadetship Program grants are awarded directly to publishers to support positions for early career journalists and provide financial assistance for a minimum of 12 months.

The Cadetships Program has three aims:

- To create new cadet (early career) opportunities to drive public interest journalism, particularly in regional and remote areas.
- To equip emerging Australian journalists with the skills and experience to operate in the modern (digital) press sector, particularly journalists in the remote and regional areas.
- To enhance new coverage of important community issues in these areas.

The Government intends to support up to 200 cadetships over the two years. Each cadetship will be supported by a wage subsidy, with grants up to A\$40,000 per journalism cadet. The employing organisation is required to match the grant funding.

5.1.5 Outcome of the intervention

The Regional and Small Publishers Innovation Fund

The first round of Innovation Fund grants awarded approximately A\$3.6 million to regional and small publishers. This was overseen by an independent Advisory Committee. The ACMA received 186 applications, though the public information does not explicitly indicate whether all of these applications met the eligibility criteria and whether the applicants were successful at receiving funding¹⁵⁷.

Figure 5.6: Innovation Fund round 1 results

Size of grant sought	Number of applications	% of applications
Small (<A\$20K)	24	12.9%
Medium (A\$20,001 – A\$250K)	103	55.4%
Large (A\$25,001 – A\$1M)	59	31.7%
Total	186	100%

Source: the ACMA

The second round of grants awarded the RGO stream. The ACMA received 113 applications of which 100 applications were found to meet the eligibility criteria. There were 62 successful regional applicants that collectively received over A\$9 million in funding^{158, 159}. The RGO grants were overseen by an Advisory Committee of academics and press industry experts (several of whom were also on the Innovation Fund Advisory Committee).

Figure 5.7 provides information on the recipients and projects that received grants under the Innovation Fund.

¹⁵⁷ <https://www.acma.gov.au/innovation-fund-round-1>

¹⁵⁸ <https://www.acma.gov.au/regional-grant-opportunity>

¹⁵⁹ The breakdown of the 62 regional applications by state and territory is: 24 from Victoria, 18 from NSW, 12 from Queensland, 3 from Tasmania, 2 from South Australia, 1 from Western Australia, 1 from ACT, 1 from Northern Territory.

Figure 5.7: Innovation Fund grant awards (2018-2019)

Recipient	Grant activity	Purpose	Location	Grant amount*
Elliott Newspaper Group Proprietary Limited	Elliott Newspaper Group Newsroom Website and Content Management System	To purchase a new content management system package and develop new websites for their publications.	Mildura, Victoria	A\$376,200.00
Surf Coast News Australia Pty Ltd	Surfcoastimes.com.au – riding a new wave in local news	To create and develop a new website to complement the publisher's existing print edition.	Torquay, Victoria	A\$302,830.00
The North Western Courier Pty Ltd	North Western Courier - Interactive Online Presence	To develop its digital and interactive online presence. Create and update its current digital online publication.	Narrabri, NSW	A\$274,700.00
Western District Newspapers Pty. Ltd.	Digital Future	To purchase a content management system specialised for digital newsroom publishing, with in-built ad management capabilities and paywall technology.	Camperdown, Victoria	A\$243,446.90
Mcperson Newspapers Proprietary Limited	MMG Content & Communication Automation	To create new digital efficiencies through the installation of new technology solutions.	Kialla, Victoria	A\$242,858.00
The Fassifern Guardian	The Fassifern Guardian Newsroom Website & CMS	To purchase a newsroom content management system with paywall and ad management integration for the applicant's website to complement the existing newspaper.	Torquay, Victoria	A\$189,200.00
The Trustee for CREIGHTON FAMILY TRUST	The Fassifern Guardian Newsroom Website and CMS	To purchase a newsroom content management system with paywall and ad management integration for the applicant's website to complement the existing newspaper.	Boonah, Queensland	A\$189,200.00
Agenda Media Pty Ltd	The Weekly Wrap eNewsletters: Series of 5 targeted Women's Agenda e-Newsletters in Agriculture, STEM, Small Business, Sports and Healthcare	To launch a series of five weekly email newsletters segmented to audiences who have opted-in to receive news across different industries including: agriculture, sport, health, STEM and small business.	Sydney, NSW	A\$180,000.00
The Saturday Paper Pty Ltd	The Saturday Paper – Transforming the production and delivery of news content	To build a digital media studio at the publisher's headquarters to produce and publish video and audio content, including podcasts.	Carlton, Victoria	A\$154,000.00
Warracknabeal Herald Proprietary Limited	Digital newsroom technology and equipment upgrade	To install a new digital newsroom technology and upgrade computer and AV equipment.	Warracknabeal, Victoria	A\$127,151.55
The Huon Newspaper Company Proprietary Ltd	Digitising and Increasing Traditional News Content to Reach a Broader Audience	To launch a project aimed at digitising and increasing traditional news content to reach a broader audience.	Franklin, Tasmania	A\$109,416.00

Recipient	Grant activity	Purpose	Location	Grant amount*
Numurkah Leader Unit Trust	Newsroom website and CMS	To purchase a specialised newspaper content management system with paywall and advertising integration data.	Numurkah, Victoria	A\$88,000.00
The Irish Exile Pty. Limited	Digital Innovation Transformation Initiative	To innovate the publication's digital presence by upgrading its technological equipment and software, expanding its publication of digital content produced by the publication and improve digital audience engagement.	Balmain, NSW	A\$75,000.00
Ace Radio Broadcasters Pty Limited	Modern Digital Media Online Website to service Regional Western Victoria	To design and develop a new website for the online publication.	Horsham, Victoria	A\$55,000.00
Mildura Weekly Pty Ltd	Online Interviews with Sunraysia's People of Interest	To create and produce daily video podcasts interviews with local people of interest in the local community.	Mildura, Victoria	A\$50,000.00
Central West Media Pty. Ltd.	Digital Community Content Project	To assist the publishers with their Digital Community Content Project towards the backend automation development and website development.	Lithgow, NSW	A\$50,000.00
The trustee for the Paton Family Trust	On Demand Local News and Events	To create a scoping study to develop concepts, determine key business drivers, and potential opportunities for a viable proposal project.	Glenorie, NSW	A\$45,929.40
Solstice Media Pty Ltd	InDaily membership and donation strategy	To develop and implement a structured, targeted membership and donation strategy.	Adelaide, SA	A\$44,000.00
Nascon Media Pty Ltd	AgTech Central	To develop a digital online platform to provide news and other information on developments in agricultural technology (fitting into the existing suite of agricultural news websites).	Brisbane, Queensland	A\$38,000.00
North East Media Pty Ltd	NEM Newsroom	To develop an integration cloud-based software as a service, tailored specifically for the organisation's needs and workflows.	Wangaratta, Victoria	A\$29,086.00
North East Media Pty Ltd	NEM Digital	To engage a media consultant to provide digital marketing training to the advertising sales team and to facilitate a full digital workshop for the publisher's current and prospective new advertisers.	Wangaratta, Victoria	A\$20,000.00

Recipient	Grant activity	Purpose	Location	Grant amount*
Alexandra Newspapers Pty. Ltd.	Digital Expansion	Develop and expand the publisher's existing digital media by adding the capacity to produce and release a weekly podcast. Develop social media to allow video reporting of features to their website and Facebook page.	Alexandra, Victoria	A\$20,000.00
The Trustee for Parkes-Brown Family Trust	Who really cares about the Glasshouse Country & Maleny News	To commission a company via tender to conduct market research to gain an objective assessment of the publication's news content.	Glass House Mountains (East), Queensland	A\$20,000.00
The Trustee for IAN THOMAS FAMILY TRUST	Email Engagement Platform	To develop an email engagement platform to consolidate email services and publishing platform and provide a single integrated interface for producing and managing email alerts for content and breaking news.	Pakenham, Victoria	A\$16,639.08, variation value A\$22,860.92
The Saturday Paper Pty Ltd	The Saturday Paper - Review of existing customer relationship management systems	To engage a specialist third party to undertake a review of the existing customer relationship management solution and internal customer management processes.	Carlton, Victoria	A\$10,692.00

Source: Grant Connect: <https://www.grants.gov.au/?event=public.GA.list>. *GST inclusive where applicable

The Innovation Fund grants supported a wide range of projects that aimed to improve business sustainability (upgrade of news content management system and/or introduction of subscription and paywalls) and/or to increase provision of digital news content (for example, to launch a podcast). The vast majority of the Innovation Fund grants were awarded to news media outlets that were aiming to increase their digital presence, by website design or upgrading of technological equipment.

The Regional Journalism Scholarships Program

The Minister for Communications and the Arts announced the first-round (financial year 2018-19) of Scholarships Program recipients in December 2018¹⁶⁰. Approximately A\$2.3 million was provided to fund 66 scholarships at 16 Australian universities. The Department of Infrastructure, Transport, Regional Development and Communications published a public notice confirming the successful grant recipients¹⁶¹. However, a government publication providing information on the regional journalism scholarships (publication date unknown) noted that it intended for thirty scholarships to be made available in 2018-19¹⁶².

At present, there is no public information on the second round (financial year 2019-2020) allocation of the Scholarships Program.

¹⁶⁰ <https://www.communications.gov.au/documents/successful-grant-recipients-under-regional-journalism-scholarships-program>

¹⁶¹ The notice of successful grant recipients under the Regional Journalism Scholarships Program: <https://www.communications.gov.au/file/47546/download?token=gmC4kPCy>

¹⁶² https://www.communications.gov.au/sites/default/files/regional-journalism-scholarships_0.pdf?acsf_files_redirect

The Regional and Small Publishers Cadetships Program

The first-round recipients of Cadetship Program funding (financial year 2018-19) was announced in December 2018, along with the Scholarship Program recipients. Approximately A\$1.8 million was provided to fund 70 cadetships at 41 different media organisations¹⁶³. The Department of Communications and the Arts public notice confirmed the successful grant recipients¹⁶⁴.

At present, there is no further information on the second round (financial year 2019-20) allocation of the Cadetships program. However, prior information indicates that approximately 130 journalism cadets could be funded in the second round. No public information has been identified to assess whether the employing publishers were able to match the government fund or unable to match the amount of funding allocated for each cadet placement.

Impact of the ACCC Digital Platforms Recommendations

The Australian Government responded to the ACCC Digital Platforms Inquiry's final report in December 2019¹⁶⁵. The Government response also included an implementation roadmap in response to the ACCC's "23 wide-ranging recommendations and findings". This includes a work program and series of reforms to promote competition, enhance consumer protection and to support a sustainable Australian media landscape in the digital age.

The Government's initial response identified and allocated additional funding (A\$26.9 million) for a new specialist digital platforms unit in the ACCC and work to review the Privacy Act (data protection). It also identified two further measures, which have particular relevance to funding of public interest and regional level journalism.

- To undertake a staged process to reform media regulation from 2020 in view of creating a platform-neutral regulatory framework for online and offline media content. The key focus of this initial work includes developing a uniform classification framework across all media platforms, determining whether content obligation imposed on free-to-air televisions should apply to subscription video-on-demand, and to identify potential policy framework to support Australian film and televisions sectors.
- To address bargaining power imbalances between digital platforms and news media businesses. Initially, it was intended that the ACCC and relevant parties would work together to develop and implement voluntary codes which will include share of revenue (value) derived from news content (relates to Recommendation 7 of the ACCC Digital Platform Inquiry's final report). However, In April 2020, it was announced that these will be introduced as mandatory codes of conduct after negotiations were unsuccessful. The mandatory codes have the same elements as the proposed voluntary code but include penalties and binding dispute resolution mechanisms¹⁶⁶.

In November 2019, the Guardian Australia reported that the Government had announced plans to extend and restructure taxpayer assistance for regional newspapers (relates to Recommendation 11)¹⁶⁷. However, there has been no formal announcement or web source from the Australian Government to confirm this has been enacted.

¹⁶³ <https://www.communications.gov.au/documents/successful-grant-recipients-under-regional-and-small-publishers-cadetships-program>

¹⁶⁴ <https://www.communications.gov.au/file/47544/download?token=iWZO592k>

¹⁶⁵ See: <https://treasury.gov.au/publication/p2019-41708>

¹⁶⁶ <https://www.theguardian.com/media/2020/apr/19/facebook-and-google-to-be-forced-to-share-advertising-revenue-with-australian-media-companies>

¹⁶⁷ See: <https://www.theguardian.com/media/2019/nov/06/coalition-to-extend-taxpayer-assistance-for-regional-newspapers-but-wont-cut-tv-licence-fees>

Furthermore, it is possible that the ACCC recommendation to replace the Innovation Fund with an alternative, platform-neutral scheme targeted at regional publishers (Recommendation 11) has caused a delay in allocation of the second tranche of Innovation Fund (for financial year 2019-20). However, there are no public sources to confirm whether the funding has not been allocated for this reason or whether the funding has been allocated at all.

5.1.6 Evaluation of the intervention

The Regional and Small Publishers Innovation Package was designed specifically to target regional and smaller publishers that are the most adversely affected by the transition towards digital news media and provide content of regional and local interest. As noted in Section 5.1.1, there has been a significant decline in local government and local court reporting since the mid-2000s.

The Package identifies three specific streams of funding: the Innovation Fund which provided subsidies to eligible applicants in order to support projects that improve business sustainability and encourage innovations in content and delivery, the Scholarships program which offered grants and funding for journalism students, and the Cadetship program that funded early-career positions at regional and small publishers. Overall, the design of the funding addressed several key issues facing Australia's news media market such as declining journalism-related jobs and increasing popularity of online news sources.

It is notable, however, that the total budget allocated for the Package has not been fully granted. Only A\$12.6 million of a total A\$16 million was allocated under the Innovation Fund Rounds 1 and 2 (less than 80% of available funding). The results of the second round (financial year 2019-20) of the Scholarships and Cadetships programs have not been announced and it is therefore unclear whether this proceeded and on what basis if so. Due to a lack of public information it is unclear whether this is due to a lack of industry engagement with the Package, stringent eligibility and assessment criteria or design of the interventions. In undertaking the Digital Platforms Inquiry, the ACCC criticised the government that the Innovation Fund grants were too restrictive. Other sources also criticised the restrictive eligibility criteria; for example, foreign-owned publishers are excluded from grants, even if they intend to hire Australian journalists for local reporting¹⁶⁸.

Furthermore, due to the recent nature of the intervention, it is not possible to assess whether the Package has had a positive (or other) impact on Australia's news media sector. There is little information on the projects sponsored by the Innovation Fund and performance measures by which to evaluate the outcome.

5.2 Austria – Press Promotion Act 2004

Key market features	
Number of national newspapers (name key papers)	Seven daily titles – <i>Die Presse</i> , <i>Der Standard</i> , <i>Wiener Zeitung</i> (Broadsheet); <i>Kurier</i> (Midmarket); <i>Heute</i> , <i>Kronenzeitung</i> , <i>Österreich</i> (Tabloid) ¹⁶⁹
Number of local and regional newspapers	<ul style="list-style-type: none"> • Six daily regional titles tied to larger urban areas, including <i>Salzburger Nachrichten</i> (Salzburg), <i>Tiroler Tageszeitung</i> (Innsbruck) • 252 total weekly newspapers, including regional weeklies and local titles (2016 figures)¹⁷⁰
Advertising / subscription revenues	<ul style="list-style-type: none"> • Daily newspapers advertising revenues (2015, Statistik Austria): €1,048m • Weekly regionals advertising revenues (2015, Statistik Austria): €335m

¹⁶⁸ <https://www.theguardian.com/media/2019/nov/06/coalition-to-extend-taxpayer-assistance-for-regional-newspapers-but-wont-cut-tv-licence-fees>

¹⁶⁹ <https://medialandscapes.org/country/austria/media/print>

¹⁷⁰ <http://voez.at/forschung-marktdaten/marktdaten/>

Key market features	
Print advertising vs. online advertising revenues	-
Weekly circulation figures	Approx. 19 million (2.77 million daily (printed copies – 2016 figures)) ¹⁷¹
Population	8.85 million (World Bank, 2018)
GDP per capita (£, current)	41,635 (World Bank, 2018)

5.2.1 Overview of the media market

The Austrian media market is small and relatively concentrated, and as part of the German language area, is strongly influenced by the presence of the much larger adjacent German market¹⁷². The daily newspaper market features seven national daily titles, dominated by the tabloid *Kronen Zeitung* which sold over 670,000 copies on average each week (all editions) in 2019¹⁷³. However, this declined by approximately 4% from the previous year¹⁷⁴. There are a further eight regional dailies centred on the main urban areas of the country (Salzburg, Innsbruck, Graz, Klagenfurt, Bregenz). Daily national newspaper ownership is dominated by the company Mediaprint, which owns *Kronen Zeitung* and fellow national title *Kurier*. Mediaprint titles account for one-third of total daily circulation and approximately half of paid-for circulation. The creation of two freesheet daily tabloids – *Heute* and *Österreich* – in the mid-2000s reduced what had previously been very high concentration in the daily market while more than offsetting circulation declines in the daily paid-for market¹⁷⁵. At the regional level, however, where federal states represent separate audience and advertising markets, daily newspaper markets are very highly concentrated¹⁷⁶. According to industry figures, there were 252 local and regional weekly newspapers in circulation in Austria in 2016¹⁷⁷. The country's broadcast media landscape is dominated by the public service broadcaster Österreichischer Rundfunk (ORF), which provides national and regional (state-level) television and radio output. Despite dominance of the Austrian media market, ORF has lost ground to foreign, German-language, output in recent years, with the public broadcaster's viewing share falling from 54% in 2002 to 33% in 2015.¹⁷⁸

Despite traditionally very high newspaper readership relative to other countries, 2015 saw a crossover, with online news consumption rising above print in that year (and superseding television in 2017)¹⁷⁹. With the exception of the popular tabloid *Kronen Zeitung*, national newspapers have seen online reach rise above relatively constant print reach. The websites of national, daily broadsheet newspapers such as *Der Standard* and *Die Presse* have been successful in this respect¹⁸⁰. Reuters Institute data for 2019 shows that offline audiences favour ORF News – from the public broadcaster – as by far the most popular source of news, with 76% using it at least once per week. The high-circulation national tabloid *Kronen Zeitung* comes second on 37%, and indicative of the influence of the German media market on Austrian audiences, ZDF News, produced by German broadcaster Zweites Deutsches Fernsehen, is the third most-popular offline source, with almost a quarter of news consumers accessing it weekly. Online, ORF and *Kronen Zeitung* continue to be the top two destinations for news, while the news site for German email provider GMX is third.

There is a very strong tradition of political intervention in media generally in Austria, and in news media in particular. This has led to circumstances with positive and negative implications for democracy and the provision

¹⁷¹ <https://medialandscapes.org/country/austria/media/print>

¹⁷² <https://medialandscapes.org/country/austria>

¹⁷³ https://www.oek.at/wp-content/uploads/2020/02/Auflagenliste_J_2019.pdf

¹⁷⁴ https://www.oek.at/wp-content/uploads/2019/06/KORR_Auflagenliste_J_2018.pdf

¹⁷⁵ <http://sites.uclouvain.be/rec/index.php/rec/article/download/10493/8093> (Table 2, p86)

¹⁷⁶ <http://sites.uclouvain.be/rec/index.php/rec/article/download/10493/8093>

¹⁷⁷ <http://voez.at/forschung-marktdaten/marktdaten/>

¹⁷⁸ <https://medialandscapes.org/country/austria/media/television>

¹⁷⁹ <http://www.digitalnewsreport.org/survey/2019/austria-2019/>

¹⁸⁰ <http://sites.uclouvain.be/rec/index.php/rec/article/download/10493/8093> (Figure 2)

of information at the national and local level. Legislation concerning direct subsidies for the press were introduced in 1975, with the most recent iteration the 2004 *Presseförderung* (Press Promotion Act/Press Subsidy Act)¹⁸¹. The nature of press subsidies has evolved over the past five decades and are reviewed each year. These subsidies mark the most significant area of intervention by the government and will be outlined in this case study. In parallel with formal subsidies, recent years have seen a growing trend of political interference by right wing political parties, leading to a fall in international press freedom rankings amid criticism and harassment of journalists¹⁸².

5.2.2 Summary of existing interventions

The 2004 Press Subsidy Act is the most substantial and wide-ranging intervention into supporting national and local journalism in Austria. As such it forms the core of this case study, but the legislation has been continually developed since it was first introduced in 1975.

The initial legislation introduced in 1975 was designed to compensate for the effects of a new VAT system introduced in 1972. Due to the strong relationship between political parties and the press at that time, the Press Subsidy Act was passed with parallel legislation to fund political parties. The 1975 Act provided subsidies for newspapers dealing with affairs “in the areas of politics, economics, or general culture and thus serve the political, general economic and cultural information and formation of opinion.”¹⁸³ Qualifying publications were to be printed and published in Austria, have distribution and importance in at least one federal state (being greater than purely local interest), and meet circulation and publication frequency thresholds.

A second section was added with amendments to the law in 1985 to provide further selective subsidies to maintain pluralism and diversity of daily newspapers as a result of closures, purchases and mergers of publishers and growing concentration in the national and local newspaper markets. The additional section was intended to channel subsidies to secondary newspapers in given markets¹⁸⁴. Sections II and III (governing the application of the 1975 and 1985 subsidies) remain in the 2004 iteration of the Press Subsidy Act.

5.2.3 Objective of the intervention

The 2004 Press Subsidy Act retained the general subsidy scheme introduced in 1975 (Section II of 2004 Act) and the ‘special subsidy for the maintenance of variety’ added in 1985 (Section III)¹⁸⁵. Subsidies to ‘promote quality’ and secure the future of the press (Section IV) comprised the new features of the 2004 Act, which also transferred responsibility for press subsidies from the federal government to the Austrian broadcasting and telecommunications authority KommAustria¹⁸⁶.

Encompassing all of these subsidies, the combined objectives of the scheme are as follows:

- **General Subsidy (added 1975; ‘Distribution subsidy’ from 2004 onwards):** This is the initial subsidy to offset the VAT tax burden of newspapers. Allocated equally across all applicants, though additional titles owned by a single publisher are subject to decreasing proportions of the full allocation (different rules apply for daily and weekly titles – see below). The objective of this aspect of the intervention is purely a subsidy of all qualifying Austrian newspapers (daily and weekly, national and regional).

¹⁸¹ <https://www.rtr.at/en/ppf/PresseFG>

¹⁸² <https://europeanjournalists.org/blog/2019/12/02/new-possibilities-for-media-freedom-joint-call-to-austrias-new-government/>

¹⁸³ https://www.researchgate.net/publication/301124573_Austria_Press_Subsidies_in_Search_of_a_New_Design

¹⁸⁴ https://www.researchgate.net/publication/336368921_PRESS_SUBSIDIES_IN_TRANSITION_THE_CASE_OF_AUSTRIA_FINLAND_FRANCE

¹⁸⁵ <https://www.rtr.at/en/ppf/PresseFG#c29859>

¹⁸⁶ https://www.researchgate.net/publication/336368921_PRESS_SUBSIDIES_IN_TRANSITION_THE_CASE_OF_AUSTRIA_FINLAND_FRANCE

- **Diversity Subsidy (added 1985):** Prompted by closures of regional and national newspapers amid growing market consolidation, this subsidy was designed to be targeted at non-leading daily titles selling fewer than 100,000 copies daily. It was designed to ensure plurality within the national and regional/state markets and to ensure the survival of secondary titles.
- **'Quality' Subsidy (added 2004):** Alongside the creation of a Press Promotion Commission to advise KommAustria on the allocation of funding, the 2004 Act included several subsidies to go beyond the previous generalised approach of financial support for news publishers to incentivise certain types of activity by newspapers, associations and research organisations. These include: support the training of young journalists; the employment of foreign correspondents, support for associations providing journalistic training and for publishers who provide free newspapers to schools, as well as support for research projects that cover the operation of the press, especially of "newspaper marketing."¹⁸⁷

5.2.4 Design of the intervention and its implementation

Although the provisions of the Press Protection Act covering the general subsidy and the direct subsidy have been in place for many years prior to the 2004 revision of the law, the more recent amendments are designed to build on existing subsidies and apply the same eligibility criteria for successful applications. For that reason all components of the subsidy scheme are considered here. The text of the Law is available from KommAustria.¹⁸⁸

Structural Changes to Resource Allocation

Two structural changes were made in the 2004 Act to create distance between the allocation of subsidies and the direct influence of the Federal Government (although the government continues to play a substantial role). The first is the transfer of responsibility for the allocation of funds to the Austrian Communications Authority (KommAustria) (Section 1.2 of the 2004 Act). Previously, the press subsidies had been allocated directly by the Federal Government. While KommAustria is organisationally subordinate to the Federal Chancellery, the second structural change – the creation of a 'Press Promotion Commission' to advise KommAustria on the application of the 2004 Act and the allocation of funding – creates a degree of arm's-length distance between the government and the distribution of funds. The Press Promotion Commission is structured so as to balance the interests of different stakeholders: two of six members are appointed by the Association of Austrian Newspapers, two by the main journalists' union, and the remaining two by the Federal Chancellor (Section 4.3.3 of the Act). A Chair – who must not be aligned with, or attached to, any of these groups – must be appointed by consensus within a six-week period. If consensus is not reached, the Chair is appointed by the President's Council of the Austrian Bar Association. The Commission's formal roles are to:

- Provide an opinion to KommAustria on the allocation of funding;
- Determine the criteria for verifying newspapers' satisfaction of circulation thresholds for funding eligibility; and
- Make recommendations on the allocation of individual grants for journalism training and foreign correspondent employment.

All recommendations are to be adopted by two-thirds majority decision (Section 4.4 of the Act). The Commission has the additional discretionary power to recommend the allocation of funding under the general subsidy scheme to newspapers who fail to fully satisfy two criteria on content and geographical focus (Section

¹⁸⁷ <https://www.rtr.at/en/ppf/PresseFG#c29857>

¹⁸⁸ <https://www.rtr.at/en/ppf/PresseFG#c29867>

4.5 of the 2004 Act). On receipt of the Commission's recommendations, KommAustria then publishes detailed guidelines at the beginning of each annual funding period¹⁸⁹.

Eligibility for Funding – Newspapers

Daily and weekly newspapers are eligible for applicable funding on the basis of the following criteria under Section 2.1 of the Act:

- A general focus on news and current affairs “serving political, general economic and cultural information and opinion formation,” rather than narrow specialised content, mainly consisting of “independently designed articles.”
- A minimum of 240 publications annually for daily newspapers and 41 for weekly newspapers, with “the majority of circulation” available in Austria by subscription or retail sales.
- At least six months of regular publication by the date when the application for funding has been submitted, during which the newspaper must have met the funding requirements.
- For daily newspapers: a verifiable circulation of at least 10,000 copies nationwide or 6,000 in one federal state, at least six full-time journalists in employment and an average annual sales price that is not “significantly lower” than comparable titles. In the detailed annual guidelines circulated by KommAustria, employment of full-time journalists is verified through the provision of proof of salary details and proof of social security¹⁹⁰.
- For weekly newspapers: a verifiable print run of at least 5,000 copies, with at least two full-time journalists in employment and similar average sales price to comparable titles.
- No formal connection of publishers to regional authorities through ownership or involvement.
- For both daily and weekly newspapers: publications must “not only be of local interest [that is, not focused on a single small community] and must have a circulation and importance at least in one federal state.”

Publishers wishing to receive grants under the general subsidy and the plurality subsidy schemes are required to supply circulation figures broken down by federal state, separately confirmed by “a relevant industry organisation” – in practice by the Austrian Circulation Control Board (Österreichische Auflagenkontrolle, ÖAK) or a trusted auditor¹⁹¹. Ownership and shareholding information must also be supplied by publishers to KommAustria for the calculation of reduced subsidies for multiple publications held by the same publisher in a single market (see below). Minority-language newspapers published for recognised minority groups within Austria (e.g. Croatian, Czech, Hungarian, Slovakian, Slovenian and Roma) are not subject to the circulation or publication frequency criteria, and multiple geographical editions of a single title are treated as a single title for the purposes of receipt of funding (Section 2.2 of the Act). Publications apply for funding in the first three months of each calendar year (Section 3.1 of the Act).

¹⁸⁹ <https://www.rtr.at/en/ppf/RichtlinienPF>

¹⁹⁰ <https://www.rtr.at/en/ppf/RichtlinienfrFrderungengemPresseF#c34898> (Article 4.2)

¹⁹¹ <https://www.rtr.at/en/ppf/RichtlinienfrFrderungengemPresseF#c34902> (Article 7.1)

General Subsidy – Sales Promotion (Section II of 2004 Act)

The original subsidy introduced in 1975 to promote sales of eligible newspapers (those meeting the criteria outlined above) is divided between daily and weekly newspapers in a ratio of 54 to 46 (Section 5.2 of the Act).

Daily newspapers: Having met the eligibility criteria, daily newspapers receive funds at an even distribution, though subject to an adjustment where a single publisher owns multiple titles in the same market. Under such circumstances, for each eligible newspaper from a single publisher, the following reductions apply: “for the daily newspaper with the second highest number of copies distributed by subscription is reduced by 20 per cent, for the third highest by 40 per cent, for those with the fourth highest by 60%, for the fifth highest by 80%. If additional daily newspapers are published by the same publisher, these are no longer eligible” (Section 6.2 of the Act).

Weekly newspapers: Eligible titles receive the subsidy for the first 15,000 copies distributed by subscription (“including large and member subscriptions”). Multiple titles by the same publisher are subject to similar reductions of funding as for daily papers (Sections 7.1 and 7.2 of the Act). The overall amount of funding for weekly papers is calculated as follows:

“The amount of sales promotion for weekly newspapers is calculated by multiplying the number of subscription copies by the factor A. The factor A, which has the value 0.015 for the first full 1,000 copies, decreases linearly by the value 0.001 with every thousand step. The respective product must be multiplied by the number of annual numbers [influenced by the frequency of publication during the observation period]. The resulting values are to be converted using a distribution ratio in such a way that the funds provided for in the “Sales promotion for weekly newspapers” funding pot can be fully used. Only full packages of thousands are funded” (Section 7.3 of the Act)

In 2019, KommAustria received 49 applications from daily newspapers (12 applications) and weekly newspapers (37 applications). One application from a daily newspaper was rejected, and the total amount of funding under Section II of the 2004 Act allocated for that year was €3,885,000 (€2,097,900 for daily newspapers and €1,787,100 for weeklies)¹⁹². However, it should be noted that the subsidy is very small given that total market advertising revenues are approximately €1.3 billion; the subsidy is less than 1% of industry revenues across all three schemes. This annual total has remained relatively stable for the past few years after a steady decline between 2004 and 2014¹⁹³.

Plurality Subsidy – Regional Diversity of Daily Newspapers (Section III of 2004 Act)

This subsidy is accessible by daily newspapers which “do not have a market-leading position”, defined at the national level as “the daily newspaper with the largest number of copies sold among the daily newspapers in Austria” and at the regional level as “the daily newspaper with the largest number of copies sold among the daily newspapers in their respective main regional distribution area.” This regional distribution area is the state in which the respective newspaper sells the largest number of copies (Section 8.4 of the Act). The national and regional “market leaders” are excluded from this subsidy each year. Where the national market leader is also the regional market leader in a given federal state, the daily newspaper with the second highest number of copies sold in the respective state is considered the regional market leader and also excluded from the subsidy (Section 8.3 of the Act). To be eligible, newspapers must not sell more than 100,000 copies, employ at least 12 full-time journalists, and consist of less than 50% adverts by page area, including supplements (Section 8.2 of the Act).

On meeting these criteria, eligible newspapers each receive an initial sum of €500,000. Remaining funding is distributed by multiplying the circulation sold in the main regional distribution area, to a maximum of 25,000, by

¹⁹² <https://www.rtr.at/en/ppf/ErgebnissederPressefrderungimJahr2019>

¹⁹³ <http://sites.uclouvain.be/rec/index.php/rec/article/download/10493/8093> (Table 5, p.95)

the frequency of publication during the observation period (Section 8.5 of the Act; see Section 7.3 above). In 2019 KommAustria made four awards under this scheme, totalling €3,242,000¹⁹⁴. As with the Sales Promotion subsidy outlined above, this amount was comparable with recent awards, but significantly lower than in the period from 2004 to 2013.

Quality Subsidy – ‘Promoting Quality and Securing the Future’ (Section IV of 2004 Act)

The suite of additional subsidies introduced in the 2004 Press Promotion Act cover training costs for journalists, grants to associations involved in training journalists, the employment of foreign correspondents, the promotion of reading and funding for research relating to the press. Distribution of funds is recommended to KommAustria by the Press Promotion Commission (Section 9.2 of the Act). The distribution of funds is based on the following ratio:

- **39% of total funding for non-profit associations whose main task is the part-time training and further education of journalist employees** of Austrian media companies for whom that role is their continuous and main source of employment. This allocation is further divided, with 70% going to associations “exclusively or predominantly dedicated to intensive journalism training, employ at least one full-time employee for the tasks of journalism training and achieve at least 1,300 training days per year.” The remaining 30% is allocated to associations which do not meet these requirements but which supply journalism training and are “devoted to the promotion of talent and young talent.” The latter tranche of 30% is distributed so that no association receives more than one-third of the funds.
- **3% of total funding for non-profit associations**, the main task of which is to organise or hold conferences or meetings of the press, for which they can claim up to 50% of total funding.
- **58% of total funding for four initiatives:**
 - Subsidies for journalist training: publishers of eligible newspapers can be reimbursed for up to one-third of training costs for the training of young journalists, with a cap of €20,000 per newspaper. There is a restriction on funding for journalists receiving purely online training. Applying newspapers must provide names and résumés of journalists for whom the grant is sought, including evidence of journalistic output.
 - Subsidies for foreign correspondents: Publishers of eligible daily or weekly newspapers can receive a subsidy of up to €40,000 to cover the costs of employing foreign correspondents on a permanent basis. The subsidy can be claimed for up to 50% of costs.
 - Support for initiatives to promote reading, particularly at schools: Associations, including clubs, whose sole task is to promote school reading can receive a grant of up to 50% of expenses on the provision of proof that the exclusive aim of the applicant is to promote reading, their activity during the observation period, and costs and income. Publishers of eligible newspapers who provide copies of current editions to schools for free to promote reading can receive up to 10% of the regular sales price per copy.
 - Support for relevant research projects: Research projects (“press-related... particularly in the field of newspaper marketing”) may be eligible for funding. Additional quality assurance criteria apply, including the stipulation that the project “meets scientific standards” and that eligible applicants can demonstrate sufficient qualifications and experience. Funding takes the form of a financial grant of up to 50% of the project cost, providing that co-funding of the remaining portion can be demonstrated at the time of the application, and that the project has not already commenced when

¹⁹⁴ <https://www.rtr.at/en/ppf/ErgebnisderBesonderenFrderung2019>

the application is made. The application must therefore be accompanied by a detailed financial and research plan. Projects are obliged to provide short and long versions of ensuing reports for publication on the KommAustria website, except where research is published elsewhere, including in book form or in peer-reviewed journals.

The total expenditure of grants under Section IV of the Act in 2019 was €1,560,000. The amount has remained steady since being introduced in 2004, falling slightly from €1,730,000 in the first year. A breakdown of allocated costs is reproduced in Figure 5.8¹⁹⁵.

Figure 5.8: 2004 Press Act Section IV funding allocation, 2019

Funding Type	Amount in Euros	Funded Applications
In-house training for young journalists	116,370	11
Associations supplying journalism education	608,400	8
Foreign correspondents	200,000	5
Promotion of reading	538,190	26
Research projects	50,420	3
Press clubs (holding conferences or meetings)	46,800	5
TOTAL	1,560,000	58

An additional grant made by KommAustria since 2013 is an annual payment (initially set at €150,000) to promote press self-regulation (Section 12 of the Act). In practice, this grant has risen to €196,000 in 2019¹⁹⁶.

5.2.5 Outcome of the intervention

As the Austrian legislation is designed as a suite of subsidies to be supplied to eligible newspapers, in the narrow terms of funding allocations the intervention achieves its goals. The allocation of funds in 2019 is reproduced in Figure 5.9 below¹⁹⁷.

Figure 5.9: Results of Press Promotion Act funding in 2019

Funding Type	Amount in Euros	Funded Applications
Sales promotion in accordance with Section II (Combined daily and weekly newspapers)	3,885,000	48
For daily newspapers	2,097,900	11
For weekly newspapers	1,787,100	37
Special support for daily newspapers in accordance with Section III	3,242,000	4
Promoting quality and securing the future in accordance with Section IV	1,560,000	58
Self-regulation	196,000	1

¹⁹⁵ <https://www.rtr.at/en/ppf/ErgebnisderQualittsfrderungundZukunftssicherungimJahr2019>

¹⁹⁶ <https://www.rtr.at/en/ppf/ErgebnissederPressefrderungimJahr2019>

¹⁹⁷ <https://www.rtr.at/en/ppf/ErgebnissederPressefrderungimJahr2019>

Funding Type	Amount in Euros	Funded Applications
TOTAL (including self-regulation)	8,863,000	111

Breakdowns of the spending on each of the systems is provided annually by KommAustria. For the general subsidy under Section II of the 2004 Act, a breakdown of subsidies allocated to successful applicants is supplied for daily newspapers¹⁹⁸ and weekly newspapers¹⁹⁹. Eight daily newspapers received the maximum subsidy of €201,721.20 and three titles received 80% of the maximum subsidy (€161,376.80) by meeting the eligibility criteria but being the second eligible title owned by the same publishing company. Weekly subsidies ranged from €8,550.20 to €88,188.00.

The Section III (plurality) subsidy allocated significantly larger sums to daily newspapers, with funds being allocated as follows:²⁰⁰

- €1,010,978.50 to *Die Presse*
- €898,055.20 to *Der Standard*
- €671,210.90 to *Neue Vorarlberger Tageszeitung*
- €661,755.40 to *Oberösterreichisches Volksblatt*

The allocation of funding under Section IV of the 2004 Act (summarised in Figure 5.9 above) is also supplied in detail by KommAustria²⁰¹. Funding for the training of young journalists was supplied in 11 grants, ranging from €1,630 to *Der Sonntag – Kärntner Kirchenzeitung* to the maximum level of €20,000 claimed by three titles (daily national newspapers *Kronenzeitung* and *Kurier*, and daily regional newspaper *Oberösterreichische Nachrichten*). Grants to non-profit associations whose main task is training and education of journalists were allocated to eight organizations, with the Austrian Media Academy (€214,293) and the Forum for Journalism and Media (€211,587) receiving over two-thirds of the total €608,400 grant in 2019.

The grants to newspapers subsidising the employment of foreign correspondents were distributed to national daily newspapers *Kurier*, *Die Presse* and *Der Standard*, with large daily regional titles *Salzburger Nachrichten* and *Kleine Zeitung* also receiving grants. All five titles received the maximum allocation of €40,000.

Of the €538,190 allocated to the promotion of reading in schools, €200,282 was given to the Association for the Promotion of Newspapers in Schools, with the rest being allocated to daily (€283,087) and weekly (€54,821) newspapers. The size of this subsidy ranged from €47,523 for daily newspaper *Salzburger Nachrichten* to just €11 for regional weekly *Der Sonntag – Kärntner Kirchenzeitung*.

Three research projects were allocated funding, consisting of the following:

¹⁹⁸

https://www.rtr.at/en/ppf/ErgebnisderVertriebsfoerderungfrTageszeitungenimJahr2019/Ergebnis_der_Vertriebsfoerderung_f%C3%BCr_Tageszeitungen_im_Jahr_2019.pdf

¹⁹⁹

https://www.rtr.at/en/ppf/ErgebnisderVertriebsfoerderungfrWochenzeitungenimJahr2019/Ergebnis_der_Vertriebsfoerderung_f%C3%BCr_Wochenzeitungen_im_Jahr_2019.pdf

²⁰⁰

https://www.rtr.at/en/ppf/ErgebnisderBesonderenFoerderung2019/Ergebnis_der_Besonderen_Foerderung_im_Jahr_2019.pdf

²⁰¹

https://www.rtr.at/en/ppf/ErgebnisderQualitaetsfoerderungundZukunftssicherungimJahr2019/Ergebnis_der_Qualitaetsfoerderung_und_Zukunftssicherung_im_Jahr_2019.pdf

- ‘Overnewsed (underinformed?) News usage on social media platforms’ (€16,260) – conducted by the Association for the Promotion of Newspapers in Schools, in addition to that organization’s funding for promoting reading in schools (see above).
- ‘The authenticity of Austrian (print) media brands: A comparative study and survey with innovative brand analysis methods’ (€19,000) – conducted by the Media House Vienna Research and Further Education organization.
- ‘How free are the free? Data analysis and field research on the situation of freelance journalists in Austria’ (€15,000) – also conducted by the Media House Vienna Research and Further Education organization.

Finally, €46,800 was allocated to five press clubs, including the Club of Economic Journalists (€3,744), the Upper Austrian Press Club (€8,424) and the Vienna Association of Foreign Press (€4,212)

Historically, the suite of interventions in the 2004 Press Subsidy Act has injected over €138m of money into the daily and weekly press in Austria, covering national and regional titles (Figure 5.10 below). Aggregate funding fell significantly after 2011 and again after 2013, and has remained at a level of slightly under €9m annually since.

Figure 5.10: Press subsidies in € million, 2004-2019

Year	Total	Sales Promotion (Section II)	Diversity (Section III)	Quality (Section IV)	Self-Regulation
2019	8.89	3.89	3.24	1.56	0.20
2018	8.87	3.89	3.24	1.56	0.18
2017	8.92	3.89	3.24	1.56	0.23
2016	8.45	3.80	2.97	1.52	0.16
2015	8.88	3.87	3.24	1.56	0.20
2014	8.65	3.71	3.24	1.53	0.16
2013	10.84	3.89	5.24	1.56	0.15
2012	10.79	3.92	5.29	1.58	-
2011	12.38	4.36	6.41	1.61	-
2010	12.84	4.52	6.65	1.67	-
2008	12.84	4.52	6.65	1.67	-
2006	12.84	4.53	6.64	1.67	-
2004	13.48	4.76	6.99	1.73	-

5.2.6 Evaluation of the intervention

As the outcomes in the above section show the Austrian government intervention achieves its primary purpose – the allocation of resources in accordance with detailed legislation (supplemented by more detailed guidelines issued annually by KommAustria). The allocation of blanket subsidies (such as that set out in Section II of the 2004 Act) prevents full evaluation as to the extent which the industry subsidy simply underwrites part of newspapers’ revenue (as indeed Section II when introduced in 1975 was intended to do) and becomes a normal

and predictable portion of industry revenues. Perhaps as a result, the general subsidy has attracted criticism since its introduction²⁰².

The Austrian newspaper industry, perhaps unsurprisingly, has been supportive of the overall scheme. A 2006 study commissioned by KommAustria to evaluate the impact of the 2004 Act found – from a 65% response rate by publishers and the journalists' trade union to a survey – that the industry supported the general (Section II) subsidy to be a useful preventative against market dominance of a single news brand, that the diversity subsidy helped to maintain the existence of smaller papers, and that the new measures introduced in 2004 were viewed positively, particularly the reimbursement for the distribution of newspapers to schools. Weekly newspaper publishers were less happy with the scheme, not least because two of the measures – the (Section III) diversity subsidy and the subsidy for employing foreign correspondents – were restricted to daily papers: the first due to its formal restriction to daily papers, and the second because as predominantly local newspapers they did not employ foreign correspondents. While daily newspapers all benefited from the subsidy scheme, not all of the weekly newspaper publishers did so²⁰³.

The 2006 study also attempted to evaluate how effectively the subsidies achieved their goals. The Sales Promotion (Section II) subsidy did not prevent a number of daily newspapers exiting the market in the late 1980s and early 1990s, though this was largely due to the collapse of the political party press. Larger freesheets *Heute* and *Österreich* launched after the passage of the 2004 Act are not currently recipients of funding (*Österreich* was rejected for Section II and Section III subsidy in 2019 for failing to meet eligibility criteria relating to publication frequency)²⁰⁴. Murschetz and Karmasin (2013) speculate that the general subsidy may play a key role in supporting economically weak newspapers, but that due to growing concentration of ownership that the diversity subsidy does not achieve its main aim²⁰⁵.

Some analyses by academics have been mixed, recognising both benefits and drawbacks of the Austrian subsidy system in its entirety. For example:

The Austrian press subsidy scheme is enacted by law and the eligibility for funding is well defined. The [Press Promotion Commission] has a say only on the distribution of 18 per cent of the funds, and even there the Law stipulates how much of the allocated money has to be used for the different purposes. The Law is established on a permanent basis and has not been changed for many years [...] Newspapers can draw up their future budgets with some certainty as they can calculate the amount of subsidy they are entitled to receive. However, the government can amend the amount of money allocated to press subsidies within the provisions of the federal budget. This is certainly a weakness of the system²⁰⁶.

The Section IV subsidies added in 2004 provide some clear benefits for the production of journalism in Austria, particularly in training young journalists, promoting reading of newspapers in schools and subsidies for foreign correspondents. However, the lack of relevance of the latter for locally-concerned weekly regional newspapers is an obvious limitation on the effectiveness of that particular targeted subsidy for local news.

More recently, concerns that the scheme did not prepare Austrian national or regional journalism for the digital age were addressed by the Federal Government in 2018, resulting in the prioritisation of a need to counter the negative effects of global tech platforms on local news markets²⁰⁷.

²⁰² <http://sites.uclouvain.be/rec/index.php/rec/article/download/10493/8093>

²⁰³ https://www.researchgate.net/publication/301124573_Austria_Press_Subsidies_in_Search_of_a_New_Design

²⁰⁴ <https://www.rtr.at/en/ppf/ErgebnisderVertriebsfrderungfrTageszeitungenimJahr2019>

²⁰⁵ [https://www.researchgate.net/publication/301124573_Austria_Press_Subsidies_in_Search_of_a_New_Design/link/5ce8208e458515712ebfb6e2/download\(pp18-19\)](https://www.researchgate.net/publication/301124573_Austria_Press_Subsidies_in_Search_of_a_New_Design/link/5ce8208e458515712ebfb6e2/download(pp18-19))

²⁰⁶ Trappel, Josef (2015) 'Media Subsidies: Editorial Independence Compromised?' in Steven Barnett and Judith Townend (eds.) *Media Power and Plurality: From Hyperlocal to High-Level Policy*, Basingstoke: Palgrave Macmillan (pp187-200)

²⁰⁷ <http://www.digitalnewsreport.org/survey/2019/austria-2019/>

5.3 Canada – Federal Government Support for Canadian Journalism

Key market features	
Number of national newspapers (name key papers)	2 national newspapers (<i>Globe and Mail</i> and <i>National Post</i> , although both are no longer distributed in print format nationwide).
Number of local and regional newspapers	96 (daily newspapers, excluding <i>Globe and Mail</i> and <i>National Post</i> – 2016 figures, News Media Canada); 1,026 community newspapers (including hyperlocals – 2019 figures, News Media Canada)
Advertising / subscription revenues	Daily Newspapers, inc. nationals (2018 figures, StatCan) <ul style="list-style-type: none"> • Advertising Sales: CADC\$981.3m (60.9%) • Circulation Sales: CADC\$629.1m (39.1%) Community Newspapers (2018 figures, StatCan) <ul style="list-style-type: none"> • Advertising Sales: CADC\$515.5m (96.4%) • Circulation Sales: CADC\$19.3m (3.6%)
Print advertising vs. online advertising revenues	Daily Newspapers, including nationals (2018 figures, StatCan): <ul style="list-style-type: none"> • Print Advertising Revenue: CADC\$739.4m • Online Advertising Revenue: CADC\$241.9m • Combined: CADC\$981.3m Community Newspapers (2018 figures, StatCan): <ul style="list-style-type: none"> • Print Advertising Revenue: CADC\$461.8m • Online Advertising Revenue: CADC\$53.6m • Combined: CAD: CADC\$515.4m
Weekly circulation figures	<ul style="list-style-type: none"> • Daily Newspapers, inc. nationals (2016 figures, News Media Canada): 31,550,000 • Community Newspapers (2019 figures, News Media Canada): 15,999,590
Population (millions)	37,058,860 (World Bank, 2018)
GDP per capita (£, current)	35,779 (World Bank, 2018)

Sources: News Media Canada; World Bank; StatCan – NB: Community newspapers 2018 combined advertising sales revenues rounded up to C\$515.5m by StatCan for advertising and circulation sales by type of paper ([Table 21-10-0193-01](#))

5.3.1 Overview of the media market

The Canadian newspaper market is largely decentralised, bearing more resemblance to that of the United States than to that of the United Kingdom. The majority of daily papers are focused on urban markets distributed across the provinces. Consequently, there are just two newspapers that cover news and current affairs at the national level: the *Globe and Mail* and the *National Post*. The digital output of both titles continues to have national scope, but the *National Post* ceased print circulation to the whole of the country in 2006, while the *Globe and Mail* ceased print distribution to Newfoundland and Labrador in 2013 and to the rest of Atlantic Canada in 2017. In government and industry statistics relating to the newspaper both national titles are included in figures for the daily newspaper market. The daily newspaper market maps more closely to the UK's network of regional and larger urban newspapers. The most recent comprehensive figures produced by the industry body News Media Canada put the total number of daily newspapers at 98 (including the *Globe and Mail* and *National Post*), with a combined weekly circulation of 31,550,000 and average daily circulation of 5,236,000²⁰⁸. This covers Anglophone and Francophone titles, with the latter largely based in Quebec with some exceptions such as *Le Droit* in Ontario and *L'Acadie Nouvelle* in New Brunswick. Figures produced by the Canadian Media Concentration Research Project show that the number of daily titles has remained relatively steady over the past

²⁰⁸ <https://nmc-mic.ca/wp-content/uploads/2015/02/Snapshot-Fact-Sheet-2016-for-Daily-Newspapers-3.pdf>

decade, with some churn due to closures, mergers and launches²⁰⁹. Below the tier of daily newspapers, there are, as of 2019, 1,026 'community newspapers' publishing 1,083 separate editions at least once per week²¹⁰. These are largely free and funded by advertising revenue, with a total weekly circulation of 15,999,590 (of which 591,501 – 3.7% – were paid circulation).

Local daily and community newspapers play a vital part in the media system at the regional and local level, although – as with the UK – broadcast news sources also provide local coverage for regional and urban areas. The public-service broadcaster CBC offers local coverage across the country (as Société Radio-Canada in Quebec) on radio, television and online and the commercial CTV network and Global News offers similar in anglophone regions (with TVA providing commercial news in Quebec). Television sources mark the top two sources of news in both anglophone and francophone markets, offline and online²¹¹. News Media Canada figures state that daily newspapers reach 85% of adults across all platforms and across all age groups (2016 figures)²¹². News consumption research by the Canadian Journalism Foundation in 2019, however, showed a clear distinction in how different age groups access news content, with 60% of all respondents citing online as a main channel of news consumption, with 59% citing television and 34% citing print newspapers and magazines. Of those who consume news online, however, 62% get it from the websites of television channels, newspaper or magazine news outlets. As with other western democracies, such as the UK, there is a linear relationship between age groups and news consumption patterns, with older consumers more likely to obtain news from television, print and radio, and younger age groups more likely to consume news online²¹³.

This distinction is significant given the difference between online and print advertising revenue for both daily and community newspapers. Statistics Canada data show that daily newspapers earned C\$739.4m from print advertising in 2018 compared to C\$241.9m from digital advertising. For community newspapers the gap was even more stark - C\$461.8m (print) versus C\$53.6m (digital). Between 2016 and 2018 combined print advertising for daily and community newspapers fell by 24.3% to C\$1,201.3m while combined digital advertising revenue rose by 20.8% to C\$295.6m²¹⁴. This is compounded by declines in circulation revenue for daily and community papers as audiences move online, though these declines have been comparatively modest at 3.4% between 2016 and 2018 for daily newspapers and 12.3% for community titles²¹⁵. Daily newspapers have been able to offset copy sales declines by erecting paywalls. 38 dailies adopted some form of paywall by 2018, accounting for 64.2% of daily newspaper circulation²¹⁶. The limitations of this form of solution are, however, evident if the Reuters Institute Digital News Report's survey results for 2019 are considered, which show that only 9% of Canadians claim to be prepared to pay for online news²¹⁷.

This confluence of audience and market trends should be familiar to observers in other developed democracies such as the UK. This includes declining print revenue and insufficient replacement by growing digital revenue; audience increasingly accessing news content online, with younger audiences considerably more likely to do so; low propensity for audiences to pay for online news when faced with free-to-access alternatives. They formed the context for the Federal Government's decision to intervene in Canadian journalism provision, despite a history of strictly limited intervention, prompted by the Public Policy Forum's influential 2017 *Shattered Mirror* report outlining the potential consequences of continued inaction²¹⁸.

²⁰⁹ <http://www.cmcrp.org/media-and-internet-concentration-in-canada-1984-2018/>

²¹⁰ <https://nmc-mic.ca/wp-content/uploads/2020/01/Snapshot-2019-Fact-Sheet-12042019.pdf>

²¹¹ <http://www.digitalnewsreport.org/survey/2019/canada-2019/#fnref-9893-2>

²¹² <https://nmc-mic.ca/wp-content/uploads/2015/02/Snapshot-Fact-Sheet-2016-for-Daily-Newspapers-3.pdf>

²¹³ <http://cjf-fjc.ca/sites/default/files/CJF%20News%20Consumption%20Survey.pdf>

²¹⁴ <https://www150.statcan.gc.ca/t1/tbl1/en/tv.action?pid=2110019601>

²¹⁵ <https://www150.statcan.gc.ca/t1/tbl1/en/tv.action?pid=2110019301>

²¹⁶ <http://www.cmcrp.org/wp-content/uploads/2019/12/Growth-and-upheaval-in-the-network-media-economy-1984-2018-REPORT-10122019.pdf>

²¹⁷ <http://www.digitalnewsreport.org/survey/2019/canada-2019/#fnref-9893-2>

²¹⁸ <https://shatteredmirror.ca/wp-content/uploads/theShatteredMirror.pdf>

5.3.2 Summary of existing interventions

A similarity between the Canadian and UK media and political systems is the historical reluctance by governments to intervene in the print journalism industry, ranging from a preference for self-regulation at the level of content production and limiting direct financial subsidies and inducements to partial exemptions from sales taxes or VAT. The main existing political intervention into print journalism in Canada prior to the 2018 federal government intervention came at the provincial, rather than federal level, with the Ontario government's institution of a point-of-sale rebate of a portion of tax on subscription payments for 'qualifying newspapers'.

The primary consumption tax in Canada is the Harmonised Sales Tax (HST), which consists of a uniform Government portion (GST) currently set at 5% across all provinces and a discretionary Provincial portion (PST), ranging from 0% in Alberta (and the Territories of Yukon, Nunavut and the Northwest Territories) to 10%. The Ontario PST is currently set at 8%, resulting in a Province-wide HST of 13%. In 2010, on implementing the HST regime, the Ontario government designated 'qualifying newspapers' as eligible for point-of-sale rebate of the Provincial portion of the HST (i.e. 8%). For newspaper publishers (rather than wholesalers) this could be claimed on sales of print subscriptions. 'Qualifying newspapers' were defined as: "print newspapers that contain news, editorials, feature stories, or other information of interest to the general public and that are published at regular intervals, typically on a daily, weekly or monthly basis." The rebate therefore did not extend to magazines or to electronic and digital publications²¹⁹. Similar rules have also been introduced in British Columbia²²⁰.

5.3.3 Objective of the intervention

The background to the Canadian Federal Government's decision to directly intervene in the provision of journalism was largely supplied by an influential report published in January 2017 by the Public Policy Forum think tank. The report, *The Shattered Mirror*, detailed various weaknesses in the Canadian newspaper industry, particularly at the local and community level: declining print circulation and advertising revenue; the migration of audiences online and the shortfall between print and digital revenue; the impact on advertising revenue by (global) digital platforms, and the failure of online news start-ups to fill the gap created by the closure of newspapers (the report recorded 169 closures between 2008 and 2016). The report made some suggestions for policy interventions, including tax reform, facilitating philanthropic funding of journalism, the creation of an innovation fund administered by an independent agency, and the creation of an open-source news service with a local mandate²²¹. The following Federal budget in 2018 introduced the first part of what ultimately became a four-part intervention by the Federal Government, with the remaining three introduced in the 2019 budget.

2018 Federal Budget Intervention: The budget announced the provision of C\$50m over five years, beginning in 2018-19 "to one or more independent non-governmental organisations that will support local journalism in underserved communities. The organisations will have full responsibility to administer the funds, respecting the independence of the press." The stated aim of the government was to address the loss of local newspapers for communities. A commitment was also made to explore the issues raised by the PPF report, particularly the need for new models to enable private and philanthropic support for journalism, including conferring charitable status on news organisations and promoting innovation²²².

In the Finance Minister's November 2018 Fall Economic Statement the government announced a commitment to provide tax credits and incentives estimated to reach C\$600 million over five years "[t]o protect the vital role that

²¹⁹ <https://www.canada.ca/en/revenue-agency/services/forms-publications/publications/gi-060/harmonized-sales-tax-ontario-point-sale-rebate-on-newspapers.html>

²²⁰ <https://www2.gov.bc.ca/gov/content/taxes/sales-taxes/pst/exemptions>

²²¹ <https://shatteredmirror.ca/wp-content/uploads/theShatteredMirror.pdf>

²²² <https://www.budget.gc.ca/2018/docs/plan/budget-2018-en.pdf> (pp183-184)

independent news media play in our democracy and in our communities.”²²³ The scheme was announced in detail in the March 2019 Federal budget.

2019 Federal Budget Intervention: The 2019 budget introduced three linked tax incentives, tied to a classification of eligible recipients among Canadian journalism organisations. In order to formulate the criteria by which an organisation could be deemed eligible, the budget announced the creation of an independent panel of experts “from the Canadian journalism sector.”²²⁴ The specific incentives for eligible organisations were inserted into the Income Tax Act²²⁵ and consist of the following.

- **‘Qualified Donee’ Status for News Organisations:** This initiative will allow eligible news organisations to register as donees, similar to existing charities. News organisations with qualified donee status will then be able to receive donations as gifts, for which they can issue tax credits to donors. The objective of the intervention is to open up news organisations to philanthropic funding on top of existing revenue streams.
- **Tax Credit for Journalism Labour:** Eligible news organisations will be able to claim employment tax credit to cover up to 25% of salary costs for full-time staff employed in doing journalism (subject to job roles and working hours). The initiative is designed to act as a subsidy for the costs of employing editorial staff and to maintain journalism jobs.
- **Digital News Subscription Tax Credit:** Individual citizens will be able to claim back up to 15% of the costs of digital subscriptions up to C\$500 to eligible news organisations (therefore the maximum an individual can claim back is C\$75). The intended purpose of the scheme is to increase digital subscription numbers for news organisations in recognition of changing audience news consumption, and reflecting the relatively high use of paywalls and subscriptions for digital content from Canadian newspapers currently (see Section 5.3.1 above).

The estimated cost-benefit of the measures at the time they were announced were: Qualified donee status: C\$96 million over five years; Journalism Labour Tax Credit: C\$360 million over four years; Digital News Subscription Tax Credit: C\$138 million²²⁶.

Although the 2018 and 2019 programmes share different eligibility criteria and are not administered in the same way, they represent the Federal Government’s first intervention in the newspaper market and both derived from acknowledgement of problems summarised in the 2017 Public Policy Forum report and operate over similar timelines. They are therefore assessed together in this case study.

5.3.4 Design of the intervention and its implementation

Local Journalism Initiative

The Local Journalism Initiative (LJI) developed out of the 2018 budget commitment to supply C\$50m over five years to support local journalism. Canadian Heritage, the government department overseeing the initiative defines the purpose of the LJI as to support “the creation of original civic journalism that covers the diverse needs of underserved communities across Canada.”²²⁷ Specific definitions are supplied to clarify the scope of the initiative:

²²³ <https://www.cbc.ca/news/politics/news-industry-economic-update-1.4915113>

²²⁴ <https://www.budget.gc.ca/2019/docs/plan/budget-2019-en.pdf> (p173)

²²⁵ <https://laws-lois.justice.gc.ca/eng/acts/l-3.3/FullText.html>

²²⁶ <https://ipolitics.ca/2019/03/19/budget-2019-budget-reveals-details-of-governments-news-media-fund/>

²²⁷ <https://www.canada.ca/en/canadian-heritage/services/funding/local-journalism-initiative.html>

- **Civic journalism:** Civic journalism covers the activities of the country's civic institutions (for example, courthouses, city halls, band councils, school boards, federal Parliament or provincial legislatures) or subjects of public importance to society.
- **Underserved community:** Communities are considered underserved if they are:
 - **News deserts:** Communities where citizens do not have access to journalistic information about community issues and institutions because there are no daily or community newspapers and other media (for example, community radio or television). This also includes communities where existing public or private broadcasters do not produce local news.
 - **Areas of "news poverty":** Communities where there is limited access to journalistic content about community issues and institutions through a daily newspaper or public or private broadcaster. Available sources of local news – whether a newspaper, a community radio station or other media – demonstrate significant gaps in coverage due to a lack of capacity²²⁸.

The initiative provides funding for eligible media organisations to hire reporters to work exclusively on meeting a journalistic need, providing content that supplies civic journalism to underserved communities. There are hiring criteria that applicant organisations must meet, including maintaining a hiring policy that promotes diversity and inclusion, and a human resources policy ensuring "employment equity and a workplace that is free from harassment, abuse and discrimination."²²⁹

In order to maintain distance from government the project is administered by seven not-for-profit organisations covering the Canadian local media landscape²³⁰, as outlined below.

- News Media Canada (English, French and Indigenous print and online news media across Canada)
- Association de la press francophone (Official language minority written press: French newspapers outside Quebec)
- Quebec Community Newspapers Association (Official language minority written press: English newspapers in Quebec)
- National Ethnic Press and Media Council of Canada (Ethnic newspapers and media)
- Community Radio Fund of Canada (Community radio)
- Canadian Association of Community Television Users and Stations (Community television)
- Fédération des télévisions communautaires autonomes du Québec (Community television)

Organisations operating in the fields of written press, community radio, community television, and online news services who are press agencies, private news organisations or non-profit news organisations are eligible for funding provided that the application is designed to increase local civic journalism in underserved communities as defined in the criteria listed above. Private non-community broadcasters and national public broadcaster CBC/Radio-Canada are not eligible²³¹. Applications must be made by news organisations and individual

²²⁸ <https://www.canada.ca/en/canadian-heritage/services/funding/local-journalism-initiative/glossary.html>

²²⁹ <https://nmc-mic.ca/lji/about-lji/how-it-works/>

²³⁰ <https://nmc-mic.ca/lji/about-lji/administrator-organisations/>

²³¹ <https://www.canada.ca/en/canadian-heritage/services/funding/local-journalism-initiative.html>

journalists are not eligible to apply. Prospective applicants are encouraged to approach the administering not-for-profit organisation that covers their sector²³².

Successful applicant news organisations work with their LJI reporter to ensure that their output is in accordance with the funding agreement. All content produced by LJI reporters can be published by the host organisation bearing the reporter's byline, and organisations are also obliged to upload all such content to a news portal administered by The Canadian Press, an independent news agency. The LJI news portal is an online searchable repository of LJI stories and other content "including text, photos, audio, video and graphics files produced by LJI reporters in both official languages." LJI content on the portal will be available to other news organisations for republication, subject to Creative Commons licence restrictions²³³.

Periodic calls for applications are to be announced by the Initiative (the first call took place in November 2019). Applications are assessed by an independent panel of industry experts, who will select successful recipients and allocate funds based on a consideration of salary ranges of typical reporters in Canada²³⁴. The LJI programme is also subject to oversight by an Editorial Advisory Group comprising senior editorial leadership from across Canada's media industries²³⁵.

2019 Budget Intervention – Income Tax Act Amendments

All three mechanisms introduced to provide support for Canadian journalism in the 2019 Federal budget are tied to amendments to the Income Tax Act. In order to ensure that the related benefits are targeted at the correct organisations, the Act also included a detailed list of eligibility criteria under a newly-created special legal status of 'Qualified Canadian Journalism Organisation' (QCJO). In order to arrive at the correct definition, the government convened an independent panel, the 'Journalism and Written Media Independent Panel of Experts.' The responsible minister, Heritage Minister Pablo Rodriguez, asked eight industry associations to select a representative to sit on the panel:

- News Media Canada
- Association de la presse francophone
- The Quebec Community Newspaper Association
- The National Ethnic Press and Media Council of Canada
- The Canadian Association of Journalists
- The Fédération professionnelle des journalistes du Québec
- Unifor (Union representing journalists)
- The Fédération nationale des communications.

This panel was required to consult with third parties and industry stakeholders before reporting back to the Heritage Minister in July 2019. The final report recommended the criteria to determine which journalism

²³²

²³³ <https://nmc-mic.ca/lji/about-lji/how-it-works/>

²³⁴ <https://nmc-mic.ca/lji/about-lji/how-it-works/>

²³⁵ <https://nmc-mic.ca/lji/about-lji/editorial-advisors/>

organisations should qualify for the tax measures²³⁶. The definition of Qualified Canadian Journalism Organisation is key to the rest of the intervention.

Qualified Canadian Journalism Organisation (QCJO) Status

Section 248(1) of the Income Tax Act²³⁷ defines a 'qualified Canadian journalism organisation' as a corporation, partnership or trust that meets the following conditions (*Text in italics is clarifying information that is not included in the legislation but is supplied by the Canadian Revenue Agency in special guidelines²³⁸ derived in part from the report of the Journalism and Written Media Independent Panel of Experts*):

- (i) in the case of a corporation,
 - (A) it is incorporated under the laws of Canada or a province,
 - (B) the chairperson or other presiding officer, and at least 3/4 of the directors or other similar officers, are citizens of Canada, and
 - (C) it is resident in Canada,
- (ii) in the case of a partnership,
 - (A) it is formed under the laws of a province, and
 - (B) individuals who are citizens of Canada or persons, or partnerships, described in subparagraphs (i) to (iii) hold interests in the partnership
 - (I) representing in value at least 75% of the total value of the partnership property, and
 - (II) that result in at least 75% of each income or loss of the partnership from any source being included in the determination of their incomes,
- (iii) in the case of a trust,
 - (A) it is formed under the laws of a province,
 - (B) it is resident in Canada, and
 - (C) if interests as a beneficiary under the trust are held by one or more persons or partnerships, at least 75% of the fair market value of all interests as a beneficiary of the trust are held by
 - (I) individuals who are citizens of Canada, or
 - (II) persons or partnerships described in any of subparagraphs (i) to (iii),
- (iv) it operates in Canada, including that its content is edited, designed and, except in the case of digital content, published in Canada

²³⁶ <https://www.canada.ca/en/canadian-heritage/corporate/transparency/open-government/report-journalism-written-media.html>

²³⁷ <https://laws-lois.justice.gc.ca/eng/acts/l-3.3/FullText.html>

²³⁸ https://www.canada.ca/en/revenue-agency/services/tax/businesses/topics/corporations/business-tax-credits/canadian-journalism-labour-tax-credit/guidance.html#h_2

- (v) it is primarily engaged in the production of original news content (*While each application will be reviewed on a case by case basis, this would generally mean that an organisation's original news content represents at least 50% of its overall editorial content*), which
 - (A) must be primarily focused on matters of general interest and reports of current events, including coverage of democratic institutions and processes, and
 - (B) must not be primarily focused on a particular topic such as industry-specific news, sports, recreation, arts, lifestyle or entertainment,
 - *General interest means news content that is aimed at a general audience, as opposed to specialists or a specific field. Content should be diverse and may include a variety of content such as local news, national news, international news, social issues (such as health, education, faith and ethics), business and economy, sports, culture, science and technology, and the environment.*
 - *Democratic institutions include legislative bodies, municipal councils, courts of justice, and school boards.*
 - *Democratic processes include elections and proceedings in legislative assemblies, such as the House of Commons.*
 - *The term original news content includes the content for which research, writing, editing and formatting are conducted by and for the organisation. Original news content includes news, features, investigations, profiles, interviews, and analyses or commentaries, based on journalistic processes and principles, intended for a general audience.*
 - *Journalistic processes and principles include:*
 - (a) *a commitment to researching and verifying information before publication;*
 - (b) *a consistent practice of providing rebuttal opportunity for those being criticised and presenting alternate perspectives, interpretations and analyses;*
 - (c) *an honest representation of sources; and*
 - (d) *a practice of correcting errors.*
 - *But do not include:*
 - (e) *solicitation, design or production of advertising;*
 - (f) *advertorials, sponsored content, branded content (any content where a third party, advertising client or business partner, participates in the development of the concept or directs or gives final approval to a large portion of the content);*
 - (g) *stories produced primarily for industrial, corporate or institutional purposes; or*
 - (h) *editing content that is entirely or principally accumulated or produced by algorithms or by aggregation software.*
 - *The reproduction of material produced by another organisation would not be considered original news content of the organisation and will factor into the determination of whether an organisation is primarily engaged in the production of original news content.*

- *Activities or publications that focus primarily on the following would not be considered the production of original news content:*
 - *(a) industry-specific publications, trade journals, magazines, sports or entertainment news;*
 - *(b) the rewriting, translation, reproduction or aggregation of news from external sources (including articles from news agencies, a current or previous issue of the same publication or any other publication);*
 - *(c) advertisements, listings, catalogues, directories, guides, financial reports, schedules, calendars, timetables, comic books, cartoons, puzzles, games and horoscopes;*
 - *(d) internal publications of companies, private or public bodies, or associations; and*
 - *(e) publication of content that is illegal in Canada.*
- (vi) it regularly employs two or more journalists who deal at arm's length with the organisation in the production of its content,
 - *For clarity, "regularly employs" refers to the employment of journalists that is regular and continuous, either full-time or part-time, even if the position is temporarily unoccupied. For example, if an organisation regularly employs two arm's length journalists but one leaves, resulting in a temporary period where there is only one such journalists before a replacement is hired, that would not, in and of itself, disqualify the organisation*
 - *Freelance journalists are generally not considered to be employees of an organisation, but would be self-employed contractors.*
 - *Arm's length refers to a relationship or a transaction between persons who act in their separate interests. An arm's length transaction is generally a transaction that reflects ordinary commercial dealings between parties acting in their separate interests.*
 - *"Related persons" are not considered to deal with each other at arm's length. Related persons include individuals connected by blood relationship, marriage, common-law partnership or adoption (legal or in fact). A corporation and another person or two corporations may also be related persons.*
 - *"Unrelated persons" may not be dealing with each other at arm's length at a particular time. Each case will depend upon its own facts. The following criteria will be considered to determine whether parties to a transaction are not dealing at arm's length:*
 - *Whether there is a common mind which directs the bargaining for the parties to a transaction;*
 - *Whether the parties to a transaction act in concert without separate interests; "acting in concert" means, for example, that parties act with considerable interdependence on a transaction of common interest; or*
 - *Whether there is de facto control of one party by the other because of, for example, advantage, authority or influence.*
- (vii) it is not significantly engaged in the production of content
 - (A) to promote the interests, or report on the activities, of an organisation, an association or its members,

- (B) for a government, Crown corporation or government agency, or
- (C) to promote goods or services, and
- (viii) it is not a Crown corporation, municipal corporation or government agency.

Qualifying organisations must also be designated as such by the relevant Minister, taking into account any recommendations of a body established for the purpose of this definition (in practice, the Journalism and Written Media Independent Panel of Experts). The specific tax benefits for news organisations and for individual subscribers to qualifying digital news organisations hinge on this definition.

On the basis of this definition, QCJOs are then defined in terms of their eligibility for tax exemptions in section 149.1(1) of the Income Tax Act as Qualifying journalism organisations (QJO):

- **Qualifying journalism organisation** means a corporation or trust that meets the following conditions:
 - (a) it is a qualified Canadian journalism organisation,
 - (b) it is constituted and operated for purposes exclusively related to journalism,
 - (c) any business activities it carries on are related to its purposes,
 - (d) it has trustees or a board of directors, each of whom deals at arm's length with each other,
 - (e) it is not controlled, directly or indirectly in any manner whatever, by a person or by a group of persons that do not deal with each other at arm's length,
 - (f) it may not, in a taxation year, receive gifts from any one source that represent more than 20% of its total revenues (including donations) for the taxation year, other than a gift
 - (i) made by way of bequest,
 - (ii) made within 12 months after the time the organisation is first registered, or
 - (iii) approved, on a case-by-case basis, by the Minister [of National Revenue], and
 - (g) no part of its income is payable to, or otherwise available for the personal benefit of, any proprietor, member, shareholder, director, trustee, settlor or like individual

'Qualified Donee' Status for News Organisations

In order to become a qualified donee, a news organisation that meets the criteria of a QCJO must apply to the Minister of National Revenue for registration as a Registered Journalism Organisation (RJO) – a status set out in 248(1) of the Income Tax Act. Once RJO status has been obtained, the organisation is a tax-exempt entity and it is then possible for anyone to make a donation, including registered charities. As shown above, according to section 149.1(1)(f) of the Income Tax Act, an RJO may not receive gifts from any one source that represent more than 20% of its total revenues (including donations) for the year, other than a gift made by way of bequest, or within 12 month after the organisation is first registered, or approved by the Minister of National Revenue (on a case-by-case basis). The RJO will be able to issue official donation receipts – necessary for individuals and corporations to claim charitable tax credits in future tax returns.

News organisations that have been granted RJO status are subsequently obliged to comply with obligations under the Income Tax Act, including on meeting requirements for registration, record-keeping; issuing donation receipts, and filing annual information returns. Failure to do so will lead to the loss of qualified donee status.²³⁹

Canadian Journalism Labour Tax Credit

Once a news organisation has successfully registered as a QCJO and also fulfils the 'qualifying journalism organisation' definition for tax exemption eligibility, it can then qualify for the Canadian journalism tax credit if it also meets the following additional conditions set out in Section 125.6 (1) of the Income Tax Act:

- It is primarily engaged in the production of original written news content;
- It does not carry on a broadcasting undertaking as defined in the Broadcasting Act;
- In the tax year in which it seeks to claim the credit, it does not receive an amount from the Aid to Publishers component under the Canada Periodical Fund; and
- If it is incorporated with share capital, it meets specific ownership conditions of a Canadian newspaper as defined in the Income Tax Act²⁴⁰.

If a publication meets all of the preceding criteria, it may then claim back 25% of the total salary costs (defined as "qualifying labour expenditure" of each eligible newsroom employee. While there is no cap on the total amount of qualifying labour expenditure that each news organisation can claim back, there is a cap per employee of C\$55,000 for which the tax credit can be claimed. The cap per eligible employee is therefore 25% of C\$55,000, or C\$13,750 per tax year.

An eligible newsroom employee, as defined in the Income Tax Act (section 125.6 (1)), means an individual who:

- Is employed by the organisation in the tax year;
- Is employed by the organisation (or is reasonably expected to be employed) for a period of 40 consecutive weeks that overlaps the tax year;
- Works, on average, a minimum of 26 hours per week throughout the portion of the tax year in which the individual is employed by the organisation;
- Spends at least 75% of their time engaged in the production of news content, including researching, collecting information, verifying facts, photographing, writing, editing, designing and otherwise preparing content; and
- Meets any other conditions that may be prescribed.

Overall, the Canadian journalism labour tax credit is a relatively straight-forward 25% salary subsidy for all qualifying staff who work in a wide range of news production roles²⁴¹.

²³⁹ <https://www.canada.ca/en/revenue-agency/programs/about-canada-revenue-agency-cra/federal-government-budgets/budget-2019-investing-middle-class/canadian-journalism/qualified-donee-status.html>

²⁴⁰ <https://www.canada.ca/en/revenue-agency/services/tax/businesses/topics/corporations/business-tax-credits/canadian-journalism-labour-tax-credit.html>

²⁴¹ However, the news organisation has fulfilled the complex criteria to become first a QCJO, then a 'qualifying journalism organisation' for tax exemption as defined in the Income Tax Act, then the additional criteria in Section 125.6 (1) of the Act.

Digital News Subscription Tax Credit

The digital news subscription tax credit allows for individuals who pay one or more Qualified Canadian Journalism Organisations for qualifying subscription expenses. The current period for which the tax credit is valid is for the years 2020 to 2024. Section 118.02 (1) of the Income Tax Act defines the ‘qualifying subscription expense’ as the following:

[The] amount paid in the year for a digital news subscription of an individual with a qualified Canadian journalism organisation and, for this purpose, if the digital news subscription proved access to content in non-digital form or content other than content of qualified Canadian journalism organisations, the amount considered to be paid for the digital news subscription shall not exceed **(a)** the cost of a comparable digital news subscription with the qualified Canadian journalism organisation that solely provides access to content of qualified Canadian journalism organisations in digital form; and **(b)** if there is no such comparable digital news subscription, 1/2 of the amount actually paid.

The maximum credit that can be claimed back can be calculated by multiplying the lowest personal income tax rate (15%) by the total of all amounts paid by the individual for qualifying subscription expenses in the year up to C\$500. The maximum that can be claimed back by an individual each year will therefore be 15% of C\$500, or C\$75. It is incumbent on individuals to claim the tax credit in their annual tax returns.

5.3.5 Outcome of the intervention

Local Journalism Initiative

The first round of LJI grants took place in November 2019 and were announced in December 2019. Initially it was expected to fund 93 LJI reporters on contracts with terms of up to 15 months with allocation based on regional population distribution and a dedicated allocation to indigenous media²⁴². However, the final allocation was of 105 reporters across 94 host organisations. The success rate of applications was relatively high, with over two-thirds of 155 total applications receiving funding. Of the total number of LJI reporters funded, 34 were to be based at daily newspapers, 59 at community newspapers and 12 at digital media²⁴³. News Media Canada published detailed information on all successful applications, illustrating that 10 journalists were employed either at indigenous media or to provide indigenous reporting for other outlets²⁴⁴.

Information on the total amount of funding allocated in the first round is not yet available, although public statements by News Media Canada have indicated that Ontario – the most populous province and recipient of 36 out of 105 LJI reporters – received approximately C\$2m of funding in total, with a maximum grant of C\$60,000²⁴⁵.

A second call for LJI applications was launched in January 2020, targeted at Ontario English media, Quebec French media, and Indigenous media across Canada²⁴⁶. Announcements on successful applicants are yet to be made as of March 2020. The LJI News Portal was also still in development at that time²⁴⁷.

²⁴² <https://j-source.ca/article/news-media-canada-calls-for-applications-for-local-journalism-initiative/>

²⁴³ <https://business.financialpost.com/pmn/press-releases-pmn/business-wire-news-releases-pmn/news-media-canada-announces-local-journalism-initiative-host-news-organisations>

²⁴⁴ <https://nmc-mic.ca/wp-content/uploads/2020/02/LJI-Approved-Applications-2019Dec-Proposal-Summaries.xlsx>

²⁴⁵ <https://www.cbc.ca/news/canada/sudbury/local-journalism-initiative-northern-ontario-1.5428926>

²⁴⁶ <https://nmc-mic.ca/news/news-media-canada-calls-for-a-second-round-of-local-journalism-initiative-applications/>

²⁴⁷ <https://nmc-mic.ca/lji/news-portal/>

2019 Budget Intervention – Income Tax Act Amendments

It is too soon following the introduction of the Income Tax Amendments for there to be detailed information on the outcomes of this part of the Federal Government's intervention. There is as yet, for example, no information on which news organisations have successfully registered as Qualified Canadian Journalism Organisations. Detailed information on the 2019 tax year will begin to be available in the second half of 2020, meaning that feedback on the performance of the tax credits and qualified donee status for news organisations will only become available after that time.

5.3.6 Evaluation of the intervention

Without the data available to assess the outcomes of the Canadian Federal Government's interventions, as noted in Section 5.3.5, it is also difficult to evaluate the award in detail. There have been a number of criticisms of the nature of the different aspects of the intervention, as there often are when new initiatives are launched. These are included here, with the acknowledgement that they cannot be tested by evidence from the changes that the intervention has made or will make.

In the same vein, the anticipated benefits that the intervention represents cannot yet be effectively assessed, although there are some likely positive outcomes:

- The Local Journalism Initiative contains some of the elements of the BBC's Local Democracy Reporter scheme, including the allocation of journalists with defined public-interest briefs to eligible news organisations and the availability of output to other eligible outlets via a dedicated portal. The allocation of C\$50 million to eligible projects to underserved areas and to indigenous communities is very likely to have a positive effect on news provision in those areas that would otherwise not be sufficient to support commercial journalism.
- The journalism labour tax credit acts as a subsidy for news production jobs, and while there may be a lack of clarity about whether the tax credit will allow for more sustainable newsrooms or simply subsidise a loss-making model, the production of journalism requires personnel and expertise. The prevention of further losses to the number of journalists across the country is a clear benefit.

The associations representing the Canadian press have generally been supportive of the Federal Government's announced measures²⁴⁸. These associations would go on to play a key role in advising Canadian Heritage and the Department of Finance on eligibility criteria and other definitions in the Income Tax Act and related guidelines, as well as allocating grants under the Local Journalism Initiative. It is therefore significant that the report from the Journalism and Written Media Independent Panel of Experts (comprising representatives of several of these associations) claimed that the government's measures, though welcome, are in their opinion insufficient:

The Panel wants to stress that this program alone will not be enough to prevent the disappearance of many essential sources of information, especially small local news media outlets that are not covered by the Budget 2019 measures and that are extremely vulnerable. Other support programs should be considered. It has been well-documented that the written news media industry is in crisis. It is estimated that foreign-owned digital media such as Google and Facebook will take C\$7 billion in advertising dollars out of the Canadian economy this year. Daily newspaper ad revenues are half what they were a decade ago. According to data compiled by the Local News Research Project, more than 250 Canadian news outlets have closed in the past decade. The Public Policy Forum's Shattered Mirror report found one-third of journalism jobs disappeared in Canada over a six-year span. Digital-only news outlets are not filling the

²⁴⁸ <https://nmc-mic.ca/news/public-affairs/news-media-canada-welcomes-the-2019-budget-announcements-on-government-support-for-journalis/>

gap, and foreign-owned digital companies are not funding the creation of Canadian news²⁴⁹ in any significant way, despite benefiting from the work done by traditional news outlets. The tax credits program, as positive as it is, will not suffice to counter these disastrous effects²⁵⁰.

While not a criticism of the intervention under consideration here in its own terms, it is an assertion that the intervention will not solve the problems that prompted government intervention in the first place. The panel made recommendations that the measures be implemented immediately in order to prevent further decline (this recommendation was ultimately met by the government), and that the Federal Government should commit to the purchase of "substantial advertising in Canadian written media outlets, print and digital, including Indigenous and third-language ethnic press publications."

The panel also recommended consideration of the following:

- That the salary cap for the labour tax credit be raised from C\$55,000 to C\$85,000.
- That the percentage of salary to be claimed be raised from 25% to 35%.
- That the digital subscription tax credit be raised from 15% to 25% (i.e. from a maximum of C\$75 to a maximum of C\$125).
- That qualified donee status should be extended to charitable foundations that support journalism but do not meet the criteria to be designated a QCJO.
- That small publications with over 10 years of publishing but do not employ two regular employees should be able to count freelancers and independent contractors to allow them to qualify for QCJO status.

As such, all three components of the Income Tax Act amendments are deemed by representatives of the industry to require strengthening.

Elsewhere, commentary has raised concerns about the possibility that the government's intervention will favour legacy media and disadvantage digital start-ups who don't meet the requirement that eligible organisations have at least two employees who are not also owners of the organisation, echoing the concerns later raised by the Journalism and Written Media Independent Panel of Experts and outlined above. Additional concerns relate to the barring of specialist publications from QCJO status, compared with the capability of those news organisations who do receive QCJO status to claim the labour subsidy for journalists with specialist beats²⁵¹. Concerns have also been raised about the potential financial and administrative costs for smaller publications to obtain qualified donee status, including the burden on small news organisations for maintaining the administrative obligations of RJO status²⁵².

In response to the impact of Covid-19 on Canadian news media organisations, the Federal Government announced on April 17th 2020 that it would make adjustments to the eligibility criteria for the various tax benefits included in the 2019 Federal budget. These included: the expansion of the availability of the Canadian journalism labour tax credit to news publishers currently receiving support from the Canada Periodical Fund; the relaxation of the criteria that qualifying organisations be "primarily" engaged in the production of original news content and the criteria that employees eligible for the labour tax credit spend a proportion of their time producing

²⁴⁹ <https://www.canada.ca/en/canadian-heritage/corporate/transparency/open-government/report-journalism-written-media.html#a4>

²⁵⁰ <https://www.canada.ca/en/canadian-heritage/corporate/transparency/open-government/report-journalism-written-media.html>

²⁵¹ <https://j-source.ca/article/journalism-fund-tracker/>

²⁵² Interview with Carleton University Professor of Journalism Chris Waddell; forthcoming article by Professor Waddell in *The Philanthropist* magazine

original written news content; and the expansion of the labour tax credit to be allocated to members of partnerships²⁵³.

5.4 France – Direct Aid to Regional and Local Press, and Strategic Press Development Fund

Key market features	
Number of national newspapers (name key papers)	Nine national newspapers. Main titles include: <i>Le Figaro</i> , <i>Le Monde</i> , <i>Libération</i> ²⁵⁴
Number of local and regional newspapers	<ul style="list-style-type: none"> • 52 Daily paid-for regionals (2018 figures) • 11 Daily freesheets (<i>20 Minutes</i>, <i>CNews</i> editions and <i>Tahiti Infos</i> in French Polynesia) (2018 figures)²⁵⁵ • 258 Weekly local papers (2016 figures)²⁵⁶
Advertising / subscription revenues	<p>National newspapers (2016 figures):</p> <ul style="list-style-type: none"> • Advertising revenue: €223m (32.4%) • Circulation and Subscription revenue: €464m (67.6%) <p>Local/regional newspapers (2016 figures):</p> <ul style="list-style-type: none"> • Advertising revenue: €810m (34.7%) • Circulation and Subscription revenue: €1,522m (65.3%) <p>Freesheets: (2016 figures):</p> <ul style="list-style-type: none"> • Advertising revenue: €65m (99.4%) • Circulation and Subscription revenue: €0.4m (0.6%)²⁵⁷
Print advertising vs. online advertising revenues	Not available
Weekly circulation figures	<ul style="list-style-type: none"> • National newspapers: 8,469,903 • Local/Regional Newspapers: 29,946,423 • Freesheets: 6,497,904 • Total: 44,914,230 (2016 figures)²⁵⁸
Population (millions)	66,987,244 (World Bank, 2018)
GDP per capita (£, current)	31,103 (World Bank, 2018)

5.4.1 Overview of the media market

The French media market, as a whole, is notable for the central role of the state, which operates a large programme of direct and indirect subsidies for the legacy print news media and plays a key role in broadcasting. A relatively large newspaper market is supplemented by a vibrant weekly news magazine sector, and daily local newspapers including some very large papers in their own right.

The national daily press consists of nine titles, including *Le Figaro* and *La Monde* – a total that is comparable with the UK. There are 52 daily paid-for titles and 11 daily freesheet newspapers available across the regions of France. A further 258 local weekly (or less frequently published) newspapers were available across the country in 2016, the most recent year for which data on weekly titles is available. Newspapers are defined in French law, and those which meet the criteria of ‘d’information générale et politique’ (general information and politics) are

²⁵³ <https://www.canada.ca/en/department-finance/news/2020/04/government-of-canada-clarifies-support-for-canadian-journalism.html>

²⁵⁴ <https://www.culture.gouv.fr/Media/Thematiques/Presse/Files/Chiffres-et-Statistiques/Le-tirage-des-quotidiens-de-1945-a-2018.pdf>

²⁵⁵ Ibid.

²⁵⁶ <https://www.culture.gouv.fr/Media/Thematiques/Presse/Files/Chiffres-et-Statistiques/TSP-Chiffres-definitifs-2016.pdf>

²⁵⁷ Ibid.

²⁵⁸ <https://www.culture.gouv.fr/Media/Thematiques/Presse/Files/Chiffres-et-Statistiques/TSP-Chiffres-definitifs-2016.pdf> (p11)

distinguished from other print publications, including news and current affairs magazines, for the purposes of subsidy allocation (as discussed below).

Circulation of daily newspapers has fallen significantly over the past two decades, both for local and national newspapers, even as the number of daily titles across the country has remained relatively steady. National daily newspapers had a combined circulation per day of 2.2 million in 1998. By 2018 this had fallen to 996,000 print copies, with a further 406,000 digital copies sold. Daily regional newspaper circulation fell from 6.8 million to 4.1 million (plus 210,000 digital copies) during the same period – a drop of almost 40%²⁵⁹.

The TV market in France is dominated by the public broadcaster France Télévisions, which operates five channels and also has significant shareholdings in seven other television channels. Commercial television is dominated by TF1 Group, M6 Group and Canal+ Group²⁶⁰. The state is also prevalent in radio, with Radio France providing general news nationwide along with dedicated music channels. However public broadcasting, particularly television, is facing mounting pressure due to falling audiences and institutional inefficiencies²⁶¹.

Despite this, the most popular offline news sources in the country remain television news channels. In 2019 according to the Reuters Institute, 44% of French respondents reported using commercial television channel TF1 for news, with BFM TV just behind, used by 43% of respondents. France Télévisions was third. Regional and local newspapers remain popular sources of news, with 22% reporting having accessed news that way in the previous week. While national newspapers are disaggregated in the Reuters data the highest-ranking national daily was *La Monde*, used by 8% of respondents.

Online news consumption is considerably more skewed towards the websites of newspapers. 20 Minutes online, the website of the freesheet newspaper targeted at consumers, was the most popular online news source, accessed by 16% of respondents. Second and third places are also held by newspapers (aggregated regional or local newspapers sites, 14%, and *Le Monde* online, 13%). The public broadcaster site, France Info, is fourth, with 12%.

In response to various pressures on the provision of journalism in recent decades, the French state has developed a large and growing regime of indirect and direct subsidies; an account of the growth of subsidies is included in the summary of existing interventions below. This case study covers three interrelated direct subsidy schemes operated by the French government that have a direct impact on local and regional newspapers in France, introduced in 1989, 1996 and 2012, respectively. The first is the 'Aid fund for regional, departmental newspapers for political and general information with limited advertising resources' (*'Le fonds d'aide aux quotidiens régionaux, départementaux et locaux d'information politique et générale à faibles ressources de petites annonces'*), one of several subsidy programmes to promote plurality. The second also falls under the promotion of plurality programme, and is targeted at weekly newspapers and those newspapers published less frequently than once per week, 'Support for pluralism in the regional and local periodical press' (*'L'aide au pluralisme de la presse périodique régionale et locale'*) the third and most recent of the three interventions is the Strategic Press Development Fund (*'Le fonds stratégique pour le développement de la presse'*), a scheme introduced to support and subsidise projects to innovate and modernise the production and dissemination of journalism that is open to national and local newspapers, online outlets and press agencies. This combination of interventions demonstrates the different ways in which the French state supplies direct aid to local journalism.

²⁵⁹ <https://www.culture.gouv.fr/Media/Thematiques/Presse/Files/Chiffres-et-Statistiques/Le-tirage-des-quotidiens-de-1945-a-2018.pdf>

²⁶⁰ <https://medialandscapes.org/country/france/media/television>

²⁶¹ <http://www.digitalnewsreport.org/survey/2019/france-2019/>

5.4.2 Summary of existing interventions

French newspapers in the post-war period have benefited from a large and growing list of indirect and direct benefits. One academic account divides the history of French newspaper subsidies into four periods:

- The introduction of indirect support (1947 onwards), which saw the gradual introduction of benefits such as preferential tariffs for post and telecoms, reduced rates for carriage on the national rail network, partial tax exemptions, including reduced VAT on newspapers, investment benefits, and reduced rates on paper, ink, and other costs.
- Direct support for pluralism (1972 onwards), with the introduction of direct support for daily newspapers with low advertising resources and, later (introduced in 1989), an extension of this approach with an additional subsidy for daily regional and local papers with low advertising revenue (covered in this case study).
- A 'Saturation Phase' of press subsidies (1985 – late 1990s), with a series of adjustments to indirect and direct subsidies, including tax benefits to newspaper sellers and distributors, an increase in funding for the "defence of pluralism" by extending the existing subsidies for daily newspapers, and the introduction of a new direct subsidy to weekly regional newspapers (covered in this case study).
- A 'Crisis Phase' (late 1990s onwards). A large fund to help modernise the production of newspapers was introduced in 1999 followed by a fund to help newspaper publishers transition online. In 2009 a public forum was convened to discuss the future of the press in France, resulting in pledges to devote €600 million over three years to support the sector, including increased government advertising. A 2010 report criticised the use of financial state aid to cover the operating costs of newspapers and recommended the reduction, but not removal, of the public subsidy regime²⁶².

The current list of press subsidies in France²⁶³ indicates the range of activities that are subsidised by the state:

- The Support Fund for Emergence and Innovation in the Press (Introduced in 2016) – "to support the launch and development of new and innovative online publications or press services".
- The Strategic Press Development Fund (Introduced in 2012) (covered below) – though an initiative in its own right, previously separate subsidies, including the Modernization Aid Fund were folded into the SPDF in 2014.
- The Support Fund for Local Social Information Media (introduced in 2016) – funds social information media and included press eligibility.
- Direct aid for dissemination (various) – covers rail fare reductions and various programmes for subsidising the costs of newspaper distribution in France and abroad.
- Aid contributing to the maintenance of pluralism, includes:
 - Aid fund for national political and general daily newspapers with scarce advertising resources (introduced in 1972 and institutionalized by decree in 1986).
 - Aid fund for national publications of political and general information with low advertising resources (introduced in 2017).

²⁶² Lardeau, Matthieu and Patrick Le Floch (2013) 'France: Press Subsidies – Inefficient but Enduring,' in Paul Murschetz (ed) *State Aid for Newspapers: Theories, Cases, Actions*, New York: Springer, pp.195-214

²⁶³ <https://www.culture.gouv.fr/Sites-thematiques/Presse/Aides-a-la-presse>

- Aid fund for regional, departmental and local daily newspapers for political and general information with limited advertising resources (introduced in 1989, covered below).
- Support for pluralism in the regional and local periodical press (introduced in 2004, covered below).
- Indirect tax assistance (various) – covers reduced VAT rates, exemptions and deductions for distributors and newspaper companies, personal reductions for subscriptions and donations.
- Indirect postal aid (Current version introduced in 2008).
- Indirect social benefits (various) – covers reduced social security contributions for newspaper sellers and for journalists, including local journalists.

5.4.3 Objective of the intervention

Of the three subsidy schemes covered in this case study, two fall under the scheme ‘Aid contributing to the maintenance of pluralism’ (*Les aides concourant au maintien du pluralisme*), with the relatively straightforward objective of subsidising the production of newspapers that suffer from relatively low revenue from classified advertising. The third intervention, the Strategic Press Innovation Fund, has a more specific and targeted list of intended outcomes and applies more widely to the journalism sector (although it has some additional weighting towards smaller and regional newspapers in its funding criteria).

Aid fund for regional, departmental and local daily newspapers for political and general information with limited advertising resources

The purpose of this intervention, originally introduced in 1989, is to make subsidies available to French-language daily newspapers “of political and general information” (see below for the legislative definition) whose classified advertising revenues are 5% or less of their total advertising revenues, or similar titles whose classified advertising revenue does not exceed 15% of total advertising revenue and who sell 25% or more of circulation by postal subscription. The programme was introduced as, and remains, a subsidy for daily local newspapers with weak financial resources.

Support for pluralism in the regional and local periodical press

The stated goal of this intervention (introduced in 1996 and extended in 2016) is to “promote the dissemination by number of titles in the regional press of general and political information”. It applies to weekly newspapers as well as biweekly, monthly, bimonthly or quarterly titles. The French government justifies the subsidy as “essential to pluralism of expression and the cohesion of the economic and social fabric” across the country.

Strategic Press Development Fund

The Strategic Press Development Fund was introduced in 2012 to support innovation and new ventures in the press, covering traditional newspapers, online news outlets and press agencies. Funding prioritises innovation, increasing capacity and productivity, and improvements and diversification in news content. The intended goals of the fund are laid out in Article 20 of the relevant Decree, which defines the criteria for the successful allocation of aid to be considered:

- The nature and quality of the project. In particular its innovativeness, the economic models and the techniques used, its viability assessed with regard to the development prospects, and the expected increase in audience and revenue;
- The net cost of the project for the company and its ability to finance it;
- All public aid or material support for patronage or press aid schemes financed by private persons from which it is likely to benefit;
- The effect of the project on employment in France or in other Member States of the European Union or parties to the European Economic Area or on the modernisation of organisations and the integration of new skills and experiences; and
- The reliability of the information presented, and in particular the (financial) quotes provided²⁶⁴.

5.4.4 Design of the intervention and its implementation

The Definition of Newspapers and Periodicals to Satisfy Eligibility Criteria for Subsidy

The French Postal and Electronic Communications Code contains the definition of newspapers and periodicals that is used across the French direct aid subsidy schemes. The specific interventions discussed here are based on this definition, which is set out in full in Article D18:

- Newspapers and periodicals presenting a direct link to current events, assessed in terms of the subject of the publication and presenting a significant editorial contribution, can benefit from the press rate if they meet the following conditions:
 - To have a “character” of general interest as for the diffusion of the thought: instruction, education, information, public recreation;
 - Meet the obligations of the law of July 29, 1881 on press freedom, and in particular:
 - Include the name and domicile of the printer; these details must relate to the printer who actually prints the publication;
 - Have a director of publication whose name is printed on all copies.
 - To appear regularly at least once a quarter without there being an interval greater than four months between two publications;
 - Be the subject of an actual sale to the public, by issue or by subscription, at a marked price having a real link with the costs, without the delivery of the periodical being accompanied by the free or paid supply of goods or services not related to the main subject of the publication.
- A joint decree of the Minister in charge of communication, the Minister in charge of posts and the Minister in charge of the budget specifies, as necessary, the rules that require;

²⁶⁴ <https://www.legifrance.gouv.fr/affichTexte.do?cidTexte=JORFTEXT000025688505>

- To have at most two thirds of the publication space devoted to advertising, classified advertisements, without the latter exceeding half of the total space and to judicial and legal advertisements;
- Not to be based on, in spite of the appearance of newspapers or magazines that they could present, to any of the publications referred to under the following categories:
 - Ad sheets, leaflets, guides, prospectuses, catalogues, almanacs, directories, indexes, lexicons;
 - Works published by delivery and whose publication covers a limited period of time or which constitute the complement or update of works already published. However, this supplement or this update may benefit from the press rate for the part which, during a year, does not increase the number of pages that the work contained on December 31 of the previous year;
 - Publications having as their main object the research or development of the transactions of commercial, industrial, banking, insurance or other kinds of businesses, of which they are in reality advertising or communication instruments, or which appear to be the accessory of a commercial or industrial activity;
 - Publications primarily concerned with the publication of program schedules, models, plans or drawings or quotes, with the exception of publications primarily concerned with inclusion of information on radio and television programs and securities ratings;
 - Publications whose main purpose is to provide information on the internal life of a group regardless of its legal form or which constitute an instrument of publicity or propaganda for it;
 - Publications the price of which is included in a subscription to any association or group;
- Not to be likely to shock the reader by a degrading representation of the human person attacking his dignity and decency or presenting violence in a favourable light.²⁶⁵

The subsidies that are based on this definition also depend on a further designation of newspapers that provide general and political information (“d’information générale et politique”) as laid out in Article D19-2 of the Postal and Electronic Communications Code, as follows:

- Newspapers and publications with a maximum weekly frequency meeting the conditions laid down in Article D. 18 and which are of a political and general information nature benefit from a specific press rate.
- To be considered as political and general information, publications must have the following characteristics:
 - Permanently cover political and general news, local, national or international, information and comments tending to enlighten the judgment of citizens;
 - Devote the majority of their editorial space to this object;

²⁶⁵

<https://www.legifrance.gouv.fr/affichCodeArticle.do?cidTexte=LEGITEXT000006070987&idArticle=LEGIARTI000006463796&dateTexte=&categorieLien=cid>

- Present an interest that clearly exceeds the concerns of one category of readers.²⁶⁶

The specific subsidies supplying direct aid for local and regional newspapers are limited to publications that meet the definitions set out in both Sections D18 and D19-2 of the Code.

Aid fund for regional, departmental and local daily newspapers for political and general information with limited classified advertising resources

The aid fund for regional, departmental and local daily newspapers for political and general information with limited advertising resources established by Decree No. 89-528 of 28 July 1989 (hereafter referred to in this case study as the 'Aid Fund') consists of two parts, each designed to allocate subsidies to publications that are: published daily in the French language; circulated at the regional, departmental or local level; and meet the classification "d'information générale et politique" (see above).

The first part of the Aid Fund (Article 2-1) allocates resources to the publications meeting the following criteria:²⁶⁷

- Which are printed on newsprint for at least 90% of their surface (space);
- Which appear at least five times a week;
- Whose tax-free revenue from classified ads represented, after deduction of commission costs, less than 5% of all their tax-free advertising revenue for the financial year preceding the year in which the aid was awarded;
- Whose most widely distributed local edition is sold at a price below 130% of the average selling price of regional, departmental and local daily newspapers for political and general information, said average selling price being calculated from the price of sale of the most widely distributed local edition on 1 January of the year in which the aid is awarded;
- Whose average circulation did not exceed 70,000 copies and whose paid circulation did not exceed 60,000 copies on average during the financial year preceding the year in which the aid was awarded;
- Who, in the region or department where they are distributed, do not have the highest circulation among regional, departmental or local daily newspapers.

Article 2-2, introduced in 1997, extends the aid to publications ineligible for the first section, but meeting these criteria:

- Which are printed on newsprint for at least 90% of their surface;
- Which appear at least five times a week;
- Of which the tax-free revenue from classified ads represented, after deduction of commission costs, less than 15% of all their tax-free advertising revenue for the financial year preceding the year in which the aid was awarded;

²⁶⁶

<https://www.legifrance.gouv.fr/affichCodeArticle.do?cidTexte=LEGITEXT000006070987&idArticle=LEGIARTI000006463804&dateTexte=&categorieLien=cid>

²⁶⁷ <https://www.legifrance.gouv.fr/affichTexte.do?cidTexte=JORFTEXT000000332530>

- Whose most widely distributed local edition is sold at a price lower than 130% of the average selling price of regional, departmental and local daily newspapers of political and general information, said average selling price being calculated from the price of sale of the most widely distributed local edition on January 1 of the year in which the aid was awarded;
- Whose average circulation did not exceed 70,000 copies and whose paid circulation did not exceed 50,000 copies on average during the financial year preceding the year in which the aid was awarded;
- Of which more than a quarter of paid circulation is provided by postal subscription;
- Of which 40% of postal subscriptions concern publications weighing less than 100 grams.

The Director General of Media and Cultural Industries allocates the balance of funds across both sections, though the portion of the total subsidy allocated to publications in Section 2-1 may not be less than 85% of the total fund for each year. The Director General also has the power to determine a unit subsidy rate for the fund, restricted to a maximum of 6% of the average selling price of eligible regional, departmental and local daily newspapers on 1st January of the year of allocation of the subsidy. Each qualifying publication then receives funding as follows:

- For aid awarded under the first section [Section 2-1], the unit rate of subsidy is multiplied by the number of copies actually sold during the calendar year preceding the year in which the aid is granted;
- For aid awarded under the second section [Section 2-2], the unit rate of subsidy is multiplied by the number of copies sent by post during the calendar year preceding the year in which the aid is granted (Section 3 of the Decree).

Publishers must submit an application to the Directorate-General for Media and Cultural Industries by 31 August of the year in which the aid is awarded, supplying the following information in support of the application:

- A statement showing the selling price in the daily edition? on January 1 of the year in which the aid was awarded, the different categories of revenue, the number of copies sold per edition, the number of copies sold by postal subscription, the number of copies sold by portage and the number of copies sent by post during the year preceding that of the allocation of the aid;
- The income statement and balance sheet for the last financial year;
- The certificates issued by the competent authorities making it possible to establish the regularity of the situation of the company with regard to tax and social legislation or, failing this, a declaration on the honour of the manager of the company; and
- For requests submitted under the second section, the number of copies sold by postal subscription whose weight was less than 100 grams and the copy of the monthly invoices for postage paid for postal subscriptions.

The number of copies sold by each applicant is assessed against annual circulation figures for the year preceding the application, supporting documentation is certified by an auditor or other qualified person, and the Directorate General has control over investigating applications, including in some instances "on-site verifications carried out by experts designated for this purpose" (Article 4).

Support for pluralism in the regional and local periodical press

Introduced in 1996 and modified in 2004 and 2016, the support for pluralism in the regional and local periodical press scheme is granted to publications who meet the following conditions:

- Are written in French or in a regional language used in France;
- Are entered in the registers of the joint commission for publications and press agencies;
- Are a publication of political and general information according to the definitions set out in Articles D18 and D19-2 of the Post and Electronic Communications Code (see above); and
- Meet the following periodicity conditions:
 - For weekly newspapers, appear one to three times a week and more than forty times a year;
 - For other publications, be biweekly, monthly or quarterly and appear between four and forty times a year

Restrictions on eligibility are placed on publications that publish digests of news articles from other titles, that have benefited from certain other forms of aid, and which do not meet certain financial provisions (Article 2)²⁶⁸.

Article 3 of the decree on Support for pluralism sets out three parts of the fund. As with the Aid Fund outlined above, the Director General of Media and Cultural Industries has the power to decide the balance of funds allocated across the three parts, with the first part again consisting of not less than 85% of the total annual subsidy.

Part 1 – Basic Aid to Weekly Newspapers (Article 3-1): The Director General has power to set a unit rate of subsidy for weekly newspapers. Allocations for each publication are calculated by multiplying this unit rate by the average number of copies sold per issue during the calendar year preceding that in which the aid is granted. The total amount of aid may not be less than “the amount of a regional weekly publication with total circulation paid for an issue of 2,000 per copies per issue, or more than the amount of a publication having a total paid circulation of 20,000 copies per issue.”

Part 2 – Additional Aid to Weekly Newspapers (Article 3-2): Aid is allocated to weekly newspapers meeting the eligibility criteria in Article 2 and:

- Of which at least 50% of the copies published during the calendar year preceding the year in which the aid was granted weighed less than 100 grams;
- Who had an effective paid circulation by postal subscription representing, in number of copies per publication, at least 50% of their total paid circulation. Subscriptions paid for in bulk by third parties and subscriptions whose price is less than 50% of the normal subscription rate are not taken into account for paid circulation.

The Director General again determines the unit subsidy for this part, and aid is calculated by multiplying the unit subsidy by copies sold by postal subscription during the previous calendar year, with the maximum available amount not exceeding that which a publication having a paid weekly circulation of 10,000 copies would receive. This additional funding can be received along with the basic aid for weekly papers in Article 3-1.

²⁶⁸ <https://www.legifrance.gouv.fr/affichTexte.do?cidTexte=LEGITEXT000005913371>

Part 3 – Aid for Publications Other than Weeklies (Article 3-2-1): A similar process is applied to funding for biweekly, monthly, bimonthly and quarterly newspapers, with a unit subsidy determined by the Director General and multiplied by copies sold in the previous calendar year. Aid awarded to publications may not be less than that of a publication with total annual circulation of less than 20,000 copies or more than that of a publication with total annual circulation of more than 200,000 copies.

In order to prevent dominant publishing companies using proportional subsidies to consolidate their market position there is a cap on the proportion of the overall annual subsidy available to publishers who are subsidiaries of the same company. This cap was initially set at 35% of the total endowment of the fund in 2014 and was tightened to 30% in 2015 and 20% in 2016 (Article 3-3).

The Strategic Press Development Fund

The Strategic Press Development Fund (SPDF) was introduced in 2012 (and amalgamated with other forms of direct aid in 2014) and deploys direct aid to projects proposed by media companies representing innovation, increased productivity, improving or diversifying content, and ensuring the influence of the French press in French-speaking countries.

Under the scheme grants or repayable loans are allocated to projects proposed by eligible entities, including online press services, print press publishers and press agencies.

Eligibility

To receive funding, a project must be carried out by one or more companies who are at the time of the application recognised by the joint committee for publications and press agencies (CPPAP: La Commission paritaire des publications et agences de presse). While there are general admission criteria to CPPAP covering some aspects of content, publication frequency and advertising²⁶⁹, the criteria for newspapers are – like the other direct aid subsidies discussed here – linked to the satisfaction of Articles D18 and D19-2 of the Post and Electronic Communications Code.²⁷⁰

The current version of the fund is underpinned by Chapter III of Decree 2016-1161 of August 26, 2016²⁷¹. The fund “benefits companies established in France or in one of the member states of the European Union or parties to the European Economic Area, whose projects relate to a printed publication or to a press agency or online press service meeting [the eligibility criteria]” (Article 8).

Eligible applicants include: online press services that “must either be of a political and general information nature... or devoted for a large part to political and general information”; press agencies designated as such under Ordinance 45-2646²⁷²; press companies meeting the Post and Electronic Communications Code criteria (Articles 18 and 19-2); and press companies publishing free publications at maximum weekly frequency (Article 9). Projects that are intended to fund “a decisive part” of the funding of any eligible applicants will not be awarded.

Project Criteria

Article 13 of the Decree sets out the range of projects that the SPDF will consider. Priority is given to projects that fulfil the following criteria:

²⁶⁹ <http://www.cppap.fr/criteres-dadmission/>

²⁷⁰ <http://www.cppap.fr/publications-dinformations-politique-et-generale/>

²⁷¹ <https://www.legifrance.gouv.fr/affichTexte.do?cidTexte=JORFTEXT000025688505>

²⁷² <https://www.legifrance.gouv.fr/affichTexte.do?cidTexte=JORFTEXT000000699735&categorieLien=cid>

- Aid from the fund may be used for projects representing an innovation for the activity of the companies and press agencies concerned, in particular technological, content, process, organization or use, and making it possible to achieve one or more of the following objectives:
 - Increase the productivity of companies and press agencies, in particular by reducing production costs, adapting resources and striving for quality;
 - Improve and diversify the editorial form of printed publications and online press services, in particular by using new technologies for the acquisition, recording and dissemination of information;
- Projects that make it possible to ensure the influence of the treatment of French and international news by the French press in French-speaking countries where access is limited by the standard of living and diffusion of digital technologies can also benefit from it.
- Collective projects.

Within these prior criteria, additional priority is given to “projects representing an innovation with regard to sector practices. Normal running costs for companies is not eligible for funding. Further scoring criteria outlining the goals of the programme are listed in Article 20 of the Decree (outlined above).

Funding

Eligible expenditures include::

- Capital expenditures:
 - Intangible investments, including software, editorial systems, IT developments and new models;
 - Operations enabling digital content to be made available to the public in a format allowing multiple re-uses as well as the development of editorial and archival potential and the investments or expenses allowing the digitisation of content;
 - Tangible investments, in particular in computer, audiovisual and digital equipment;
 - Real estate work directly linked to the project.
- Operating expenses:
 - Rental expenses, including for a lease purchase;
 - Studies, research and development and consultancy actions, vocational training actions and other external expenses directly linked to the launching, setting up or carrying out of the modernisation project;
 - Studies or surveys carried out with a view to preparing a modernisation investment intended in particular to diversify the editorial content or seek new markets;
 - Promotion actions directly linked to the modernisation project or of a particularly innovative nature and not related to recurring promotional operations;
 - Salary expenses directly related either to IT development tasks or to other technical tasks necessary for the provision of digital content, excluding any editorial task, for the sole share concerning the project; these expenses give rise to an annual evaluation;

- For French-speaking countries where access to the French press is limited by the standard of living, actions aimed at the development of the French press abroad, and in particular the dissemination of the press on a digital medium; for these same countries, when access to digital technologies is limited, the financing of subscriptions at reduced prices can also be retained, priority being nevertheless given to actions concerning digital;
- For projects presented by small and medium-sized enterprises whose date of registration in the Trade and Companies Register dates back to less than three years at the time of [application], the salary costs directly related to editorial design, for the sole part concerning the project; the maximum duration of taking into account of these expenses is limited to six months from the date of their commitment (Article 21).

For ordinary individual projects, grants are capped at up to 40% of total eligible expenses or repayable loans of up to 50% of total eligible expenses (Article 26).

For individual projects “representing innovation for the sector” or for projects by publications that in the previous year benefited from direct aid to national newspapers or regional and local newspapers with low advertising income, or for small and medium-sized enterprises employing less than 25 people, the maximum grant award is 60% of total eligible expenses, with a cap of 70% of total expenses for repayable loans (Article 27).

For individual projects by eligible small and medium-sized enterprises which employ less than 25 people and who were established less than three years before the time of application, the grant cap is 70% of eligible expenses and 80% of repayable loans (Article 27).

The amount of funding for a project by an eligible online publication or press service is capped at €1.5 million, while funding for projects by an eligible press agency is limited to €450,000. The total aid to one publisher may not exceed 10% of the fund’s endowment, or 15% to subsidiaries of one company (Article 26). The application procedure is streamlined for aid (grants or loans) below €75,000, which are subject to examination and decision by the Directorate General of Media and Cultural Industries (Article 27.1), while applications for aid of €75,000 and above will be subject to decisions by an orientation committee convened for this purpose (Articles 14 – 19).

Collective projects (supported by three eligible companies or two eligible companies if they are established overseas) can claim a maximum of 60% of eligible expenses or 70% of repayable loans, with caps of €1 million for participating publishers and €300,000 for participating press agencies. The aid allocated to a collective project may not exceed 20% of the fund’s endowment (Article 27).

5.4.5 Outcome of the intervention

Pluralism Subsidies for Regional and Local Newspapers

The two pluralism subsidies, the ‘Aid fund for regional, departmental and local daily newspapers for political and general information with limited advertising resources’ and the ‘Support for pluralism in the regional and local periodical press’ schemes, are relatively longstanding, having been launched in 1989 and 1996 respectively. Historical funding data shows that the top line figures for these subsidies have been relatively low. Between 2008 and 2010 the fund for local newspapers with limited advertising resources allocated total funding averaging €1.4 million annually. An identical amount was allocated through the support for weekly local newspapers scheme²⁷³. Given that 2016 figures put the total advertising revenue for daily and weekly regional

²⁷³ Lardeau, Matthieu and Patrick Le Floch (2013) ‘France: Press Subsidies – Inefficient but Enduring,’ in Paul Murschetz (ed) *State Aid for Newspapers: Theories, Cases, Actions*, New York: Springer, pp.195-214 (Table 13.5, p.210)

newspapers at over €800 million (see beginning of this case study) and assuming no drastic difference in that figure between 2010 and 2016 even in the current economic context for newspapers, these subsidies cover a tiny proportion of the total.

The French government releases details of all direct and indirect grant allocations by publications (with the most recent figures available covering 2017)²⁷⁴, but unfortunately does not provide a breakdown of the various pluralism subsidies and therefore does not offer an accessible figure for regional and local newspapers. The overall combined pluralism subsidy across all titles was €17,238,654. The largest pluralism grants of over €1 million went to national daily newspapers such as *L'Humanité* (€3,091,406), *Libération* (€2,964,437), *La Croix* (€2,921,455) and *L'Opinion* (€1,213,644). The largest pluralism grants to daily local and regional newspapers went to *Presse Ocean* (€214,625) and *La République des Pyrénées* (€208,997). Weekly local newspapers generally received small amounts, with the largest going to *Le Petit Journal – Tarn et Garonne* (€40,381). 41 local weekly titles received the same subsidy of €3,671 – slightly more than €70 per week.

The Strategic Press Development Fund

The official 2017 figures show that 79 grants were made under the Strategic Press Development Fund portion of the direct aid subsidies to newspapers, with a total of €15,596,364 being awarded. National daily newspapers feature towards the top of the list of grants, with *Le Figaro* (€1,227,043) and *Le Monde* (€987,609) receiving the third- and fourth-largest awards. However, the two largest grants were allocated to daily regional newspapers, *Les Dernières Nouvelles d'Alsace* (€1,300,975) and *Ouest-France* (€1,245,695), indicating that local newspapers were represented in the scheme. Local weekly newspapers were not well-represented in the list, with *La Manche Libre* (€81,703), with *La Presse de Gray* (€32,916), *Le Courrier de Guadeloupe* (€28,610) and *L'Angérien Libre* (€18,147) the other local weekly recipients of SPDF funding.

An itemised annual list of SPDF funded projects was published by the French government in 2015 (when the SPDF grant total was €5,725,956)²⁷⁵. The list of awards at the end of the report showed that local newspapers received funding for projects such as €158,000 to daily local newspaper *La Voix du Nord* for customer journey development and Content Management System support and €54,226 for printing improvements at the local daily *La Provence*. Weekly local newspaper *L'Éveil de la Haute-Loire* received €24,192 for a new editing IT system²⁷⁶.

5.4.6 Evaluation of the intervention

The French system of aid to the press is vast and complex, and to the extent that it is possible to unravel three linked but distinct subsidies from the overall system, the examples outlined here are illustrative of (potentially) successful and unsuccessful government interventions. The direct aid to support pluralism in the daily and weekly local newspaper markets seems, after 31 and 24 years of operation respectively, to amount to relatively small general subsidies for a relatively large number of titles. While the largest regional daily newspapers receive significant sums of over €1 million, the tiny grants allocated to smaller weekly newspapers do not seem to resolve any aspects of the economic pressures facing local journalism. The report of the 2010 commission to review the French subsidy system concluded “that the country’s press has been kept in a state of permanent artificial respiration by the [...] state aid that they receive”²⁷⁷. A concern of all such general subsidies is that they eventually cover operating costs and become difficult to remove, without achieving a clear objective. The French state subsidy to maintain pluralism in local newspapers appears to fit this template.

²⁷⁴ <https://www.culture.gouv.fr/content/download/204812/file/Tableau%20des%20titres%20aid%C3%A9s%20en%202017.xlsx?inLanguage=fr-FR>

²⁷⁵ <https://www.culture.gouv.fr/content/download/155451/file/Liste%20des%20titres%20aid%C3%A9s%20en%202015.xlsx?inLanguage=fr-FR>

²⁷⁶ <https://www.culture.gouv.fr/content/download/149492/file/Bilan%20sign%C3%A9%20FSDP%202015.pdf>

²⁷⁷ Lardeau, Matthieu and Patrick Le Floch (2013) ‘France: Press Subsidies – Inefficient but Enduring,’ in Paul Murschetz (ed) *State Aid for Newspapers: Theories, Cases, Actions*, New York: Springer, pp.195-214 (p.209)

The Strategic Press Development Fund, though not particularly large given its application across national and regional newspapers, online outlets and press agencies, does contain some potentially useful aspects. Targeted funding of innovation projects for the modernization of newsrooms at smaller local newspapers may have demonstrable effects on helping print publications better transition to digital and foster flexibility and sustainability in local newsrooms. The additional concessions to smaller and newer publications who can receive a higher portion of eligible expenses in grant or loan applications is also a reasonable way to incentivise investment in innovation and improvements in news provision.

It would be a challenge to disentangle the positive aspects of the SPDF from the legislation underpinning the French state aid system, including detailed definitions in law for different categories of newspaper and the need for detailed auditing to assess eligibility. Scholars have noted that French news markets have a poor track record of innovation despite the implementation of programmes such as SPDF²⁷⁸. However, targeted innovation funds directed at local newspapers may be used effectively to build sustainability in news provision.

5.5 Netherlands – the Dutch Journalism Fund & the Dutch Fund for In-Depth Journalism

Key market features	
Number of national newspapers (name key papers)	5 national newspapers: <i>De Telegraaf</i> , <i>Algemeen Dagblad</i> , <i>De Volkskrant</i> , <i>NRC Handelsblad</i> , and <i>Trouw</i>
Number of local and regional newspapers	12 regional newspapers
Advertising / subscription revenues	Revenue source: 75% from readers (copies sold), 22% from advertising and 3% from digital sources
Print advertising vs. online advertising revenues	US\$409m advertising expenditure ²⁷⁹ (2018, GroupM)
Weekly circulation figures	-
Population (millions)	17.2 million (2018, World Bank)
GDP per capita (£, current)	785 billion (2018, World Bank)

There are two main journalism subsidies that are overseen by the Netherlands' Enterprise Agency, which form the basis of this case study. These are the Dutch Fund for In-depth Journalism (Fonds Bijzondere Journalistieke Projecten, FBJP) and the Dutch Journalism Fund (het Stimuleringsfonds voor de Journalistiek, i.e. SVDJ)²⁸⁰.

These main schemes are running on a continuous basis. This implies that they are popular and the application processes are not burdensome. The FBJP and SVDJ web pages provide clear instructions regarding eligibility, assessment criteria, award rules and timelines. Further detail on the schemes are provided in Sections 5.5.3 and 5.5.4.

5.5.1 Overview of the media market

The Netherlands has a well-developed news media sector that supports traditional and digital news provision. Online media are the most popular choice in the Netherlands. The consumption of traditional TV and printed

²⁷⁸ https://www.researchgate.net/publication/313803616_Market_Structure_and_Innovation_Policies_in_France

²⁷⁹ Advertising expenditure includes agency fees. Advertising revenue received by newspapers will be net of these fees.

²⁸⁰ <https://business.gov.nl/subsidy/dutch-journalism-subsidies/>

newspapers has been decreasing. For example, the paid circulation of daily newspapers dropped more than 40 percent from 4.2 million in 2000 to 2.5 million in 2015²⁸¹.

Print circulation is evenly divided between national and regional newspapers. National newspapers are more popular in the western part of the country including the major cities of Amsterdam, Rotterdam, The Hague and Utrecht. Regional newspapers are dominant in other parts²⁸¹.

Major national newspapers are as follows^{282,283}.

- *De Telegraaf* - a circulation of approximately 700,000, a populist, right-wing alignment, print version is published in broadsheet format.
- *Algemeen Dagblad (AD)* - a circulation of approximately 400,000, successful in being a neutral newspaper without any political or religious persuasions, print version is published in tabloid format, includes one national and seven regional editions.
- *De Volkskrant* - a circulation of approximately 265,000, has its origins in the Catholic Church and is regarded as progressive left-wing, print version is published in tabloid format.
- *NRC Handelsblad* –a circulation of approximately 200,000, regarded as being progressively liberal and of a high quality, print version is published in tabloid format, also publishes *nrc•next*.
- *Trouw* - a circulation of approximately 105,000, print version is published in tabloid format.

There is also a free national newspaper published in tabloid format and popular with commuters: *Metro* (a circulation of 430,000 in 2015)²⁸¹. There are twelve regional newspapers with circulation figures (2017) of approximately 50,000 and above. In 2016, the digital sales of Dutch newspapers were 1 million²⁸¹.

The reduced newspaper circulation figures and advertising have resulted in a drop in revenues. In 2000, the revenue was the highest at €2bn and this figure reduced to €1.2 billion in 2015. 41% of year 2000 revenues came from readers while the rest from advertising. The split in year 2015 revenue was 75% from readers, 22% from advertising and 3% from digital sources. In terms of profits, the publishers reported an average EBITA of 15% during the five years preceding 2016²⁸¹.

The Dutch television sector is also highly developed, with the public service broadcaster NPO providing news and entertainment content over its television and radio services²⁸⁴. The public service broadcasting is funded by government, advertising and broadcasting associations. NPO is reported to have received an additional €40m from the government to compensate for lower-than-expected advertising revenues. The Dutch cabinet considered NPO's future and the aim is to develop a long-term vision to support solid public broadcasting²⁸⁵. There are many Dutch commercial TV channels. Seven larger channels are owned by two media corporations: RTL (Luxembourg based media group) and SBS (the Finnish publisher Sanoma and Dutch television production company Talpa)²⁸⁶. Other commercial broadcast networks run TV channels on a range of themes. These include Discovery Benelux, Viacom Media, Fox Channels, Disney-ABC and Time Warner²⁸³. There are 57 regional TV channels as of Q2 2018²⁸⁷.

²⁸¹ <https://medialandscapes.org/country/netherlands/media/print>

²⁸² <https://www.expatica.com/nl/living/telecommunications/media-in-the-netherlands-106958/>

²⁸³ https://en.wikipedia.org/wiki/Media_of_the_Netherlands

²⁸⁴ The Dutch public service national broadcast TV stations are NPO 1, NPO 2 and NPO 3. There are also seven public broadcast radio channels: NPO Radio 1, NPO Radio 2, NPO 3FM, NPO Radio 4, NPO Radio 5, NPO Radio 6, and FunX. There are also several provincial TV channels.

²⁸⁵ <https://medialandscapes.org/country/netherlands/media/print>

²⁸⁶ RTL owns RTL 4, RTL 5, RTL 7, RTL 8 and RTL Z while SBS owns SBS 6, SBS 9, NET 5 and Veronica.

²⁸⁷ <https://www.slideshare.net/starcomNL/dutch-media-landscape-2018-q2-update-by-starcom>

Newspapers, magazines, TV and radio stations have websites and often apps. There is also a growing number of online-only media in the Netherlands (*NU.nl*, *Tweakers* and *Dumpert*). *Nu.nl* is the most popular online news platform. *De Correspondent* is a membership-based online news site and launched a successful crowdfunding campaign to expand its services into the English-language market²⁸⁸.

Podcasting has been drawing the attention of news organisations. Newspaper *NRC* is planning to launch a daily podcast focusing on one main story. *RTL News* launched a WhatsApp 7am wake-up service in the form of a two-minute audio summary of the day's main news. Although digital news kiosk 'Blendle' continues to be loss-making its Blendle Audio service which provides audio versions of articles is successful and will receive further investment²⁸⁹.

Social networks including Facebook, LinkedIn, Twitter, Instagram, Pinterest, Snapchat and WhatsApp are all popular among Dutch citizens. *NOS News* launched NOS Stories on YouTube, Instagram, and Snapchat, bringing news stories targeted at 13-to-18-year-olds. The following figures provide use shares for top social media and messaging brands.

Figure 5.11: Top social media and messaging usage figures

Rank	Brand	For news	For any purpose
1	Facebook	28%	61%
2	WhatsApp	18%	70%
3	YouTube	14%	52%
4	Twitter	7%	16%
5	Instagram	6%	27%
6	Facebook Messenger	4%	29%

Source: Reuters Institute Digital News Report 2019

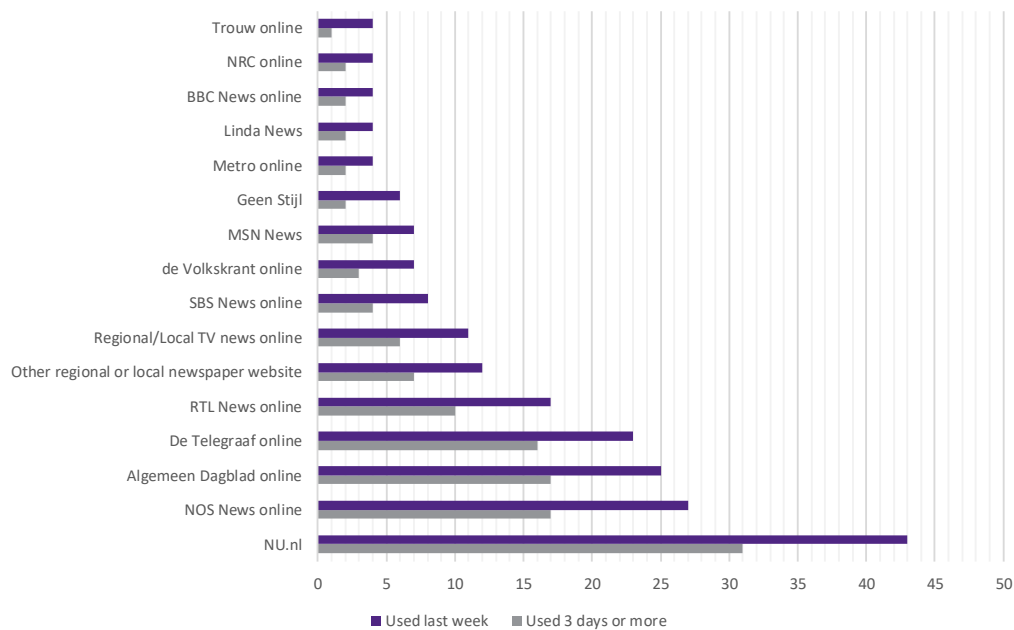
The most popular news sources are owned by broadcasters; Nos News and RTL stations had respective weekly reaches of 62% and 34% of the population in 2019²⁹⁰. The most popular online sources were the national newspapers (with the exception of *Trouw*) as shown by Figure 5.12.

²⁸⁸ <https://medialandscapes.org/country/netherlands/media/print>

²⁸⁹ <https://medialandscapes.org/country/netherlands/media/print>

²⁹⁰ Reuters Institute Digital News Report 2019

Figure 5.12: News resources (online)



Source: Reuter Institute Digital News Report

Most recently there has been modest growth in the number of workers in the news media sector, including in publishing activities and information services. Figure 5.13 shows the number of people employed in activities associated with journalism²⁹¹.

Figure 5.13: Employment in the Netherlands in journalism activities²⁹²

Year	Number employed in publishing activities ²⁹³	Number employed in information service activities ²⁹⁴
2016	25,900	13,800
2017	24,600	14,000
2018	26,500	16,200

Source: Eurostat

²⁹¹ <https://ec.europa.eu/eurostat/en/web/products-eurostat-news/-/EDN-20190503-2>

²⁹² <http://appsso.eurostat.ec.europa.eu/nui/submitViewTableAction.do>

²⁹³ This is referred as J58 in Eurostat's statistical classification and covers activities including publishing books, periodicals, newspapers, journals and other publications, (https://ec.europa.eu/eurostat/ramon/nomenclatures/index.cfm?TargetUrl=LST_NOM_DTL_LINEAR&IntCurrentPage=23&StrNom=CL_NACE2&StrLanguageCode=EN)

²⁹⁴ This is referred as J63 in Eurostat's statistical classification and covers activities including news agency activities, data processing, hosting and related activities and web portals, (https://ec.europa.eu/eurostat/ramon/nomenclatures/index.cfm?TargetUrl=LST_NOM_DTL_LINEAR&IntCurrentPage=24&StrNom=CL_NACE2&StrLanguageCode=EN)

5.5.2 Summary of existing interventions

There are several different funds and subsidy initiatives that operate in parallel and offer support to the Dutch media sectors. In addition to the FBJP and SVDJ funds overseen by the Netherlands' Enterprise Agency, the Dutch Government Ministry of Education, Culture and Science offers three additional media funds²⁹⁵.

- **Dutch Cultural Media Fund:** supports cultural productions for public broadcasting, and cooperation between broadcasters and cultural institutions. The Media Fund promotes the development of website, radio and TV productions, and combinations of these. The Media Fund was abolished in January 2017 (saving € 16 million) and the Fund's tasks were reallocated to the Netherlands Public Broadcasting Organisations.
- **CoBo Fund:** promotes co-production of films and documentaries by public broadcasters, or public broadcasters and independent producers.

It is reported that the government reserved € 20 million to support investigative journalism over the next four years²⁹⁶. Approximately 75% of the budget is earmarked for regional and local projects to limit the impact of the increasing financial constraints of regional and local journalism. So far, 23 projects have been supported by allocating €2.7 million.

5.5.3 Dutch Journalism Fund (SVDJ)

Annual reports indicate that SVDJ funding programme has been active since 1974 to support journalism through subsidies and specific programmes²⁹⁷. The total budget for the funding programme was €6 million for 2019²⁹⁸.

Objective of the intervention

SVDJ aims to *'encourage the quality, diversity and independence of journalism by using money, knowledge and research to promote the innovation of the infrastructure for journalism in the Netherlands'*²⁹⁹.

Design, implementation and outcome of the intervention

There are a number of schemes being operated under SVDJ^{300,301}.

- **Accelerator scheme**³⁰² offers financial support and coaching for both start-up and established media organisations for innovative media projects which could be related to a range of topics including revenue models, news platforms and journalistic tools.

Applications are submitted between January and March and the projects run over a seven-month period (1st May to 1st December) in the form of experiments aiming to develop concrete innovative solutions. The total budget for a typical year is €750,000 to be shared between up to twelve participating teams. In the context of selection criteria, there are three key considerations: the team, the problem and innovative knowledge. There are two preconditions: journalism (contribution to strengthen the political

²⁹⁵ <https://www.government.nl/topics/the-media-and-broadcasting/funds-for-the-media>

²⁹⁶ <https://medialandscapes.org/country/netherlands/media/print>

²⁹⁷ <https://www.svdj.nl/jaarverslagen/>

²⁹⁸ <https://www.svdj.nl/wp-content/uploads/2019/07/Jaarverslag-2018.pdf>

²⁹⁹ <https://www.svdj.nl/dutch-journalism-fund/>

³⁰⁰ <https://business.gov.nl/subsidy/dutch-journalism-subsidies/>

³⁰¹ <https://www.svdj.nl/subsidie/>

³⁰² <https://www.svdj.nl/accelerator-2020/>

opinion formation for Dutch citizens) and innovation (in various areas including technologies, markets, products, services, platforms and/or business models). Once preconditions are satisfied, applications are evaluated in terms of the team composition (extent of team capabilities to prove and solve the problem); sustainability (proving the existence of the problem, proposed solutions and willingness to pay for a solution); and feasibility (whether the problem can be addressed within the duration and resources available in the scheme).

The Accelerator scheme also runs 'Accelerator light' programme where a potential Accelerator applicant becomes familiar with the process (e.g. developing innovative ideas) and prepares for an application in the following year.

According to the last available SVDJ annual report (2018)³⁰³ the Accelerator projects were awarded on the basis of a 'metered funding' principle whereby tight supervision and innovation accounting were used to follow the progress and release the funds. A total of 18 teams completed their projects. The total amount of funds released was €779,047. This meant that only 2.5% of the available funds (€800,000) were not used.

- **Exploitation scheme**³⁰⁴ offers grants for printed or digital publications which are published at least monthly. It covers both new and existing publications.

Application for a grant can be submitted any time during the year. Eligibility criteria for an individual or joint application include strengthening Dutch journalism; benefit for the pluralism of the Dutch press; and demonstrate that without subsidy the publication would be discontinued. The scheme also supports organisational research activities where the focus is on improving the position of the publication whose operation is loss-making or under threat of becoming loss-making. A grant application is on average assessed within one to four weeks and the maximum assessment period is thirteen weeks.

- **Research scheme**³⁰⁵ provides grants for research to improve the Dutch journalism sector. Applications are accepted throughout the year. The scheme's contribution is up to 50% of a project budget. A grant application is on average assessed within one to four weeks and the maximum assessment period is thirteen weeks. The SVDJ annual report (2018)³⁰⁶ suggests that there was one successful project receiving €76,327.
- **Sponsorship scheme**³⁰⁷ offers financial support for organisations wishing to launch short-term journalism projects. The scheme provides funds twice a year (1st January and 1st July). The total budget is €25,000 in each round. The maximum sponsorship is up to 50% of a project budget and is limited to €5,000 per project. In each calendar year, an organisation is allowed to receive one contribution only. Furthermore, a contribution can only be requested once every three years for the same activity. The supported project themes are 'maintaining and promoting the pluralism of the press' and 'fundamental right of freedom of expression'. The SVDJ annual report (2018)³⁰⁸ indicates that there were 11 successful applications receiving a total of €50,000.
- **Local broadcaster professionalisation pilot scheme**³⁰⁹ provided grants for strengthening the local broadcasters in the news gathering and production. The scheme covered both independent local broadcasters and those in partnerships. The objective was to improve the continuity, distribution, depth and quality of the local news. The scheme looked at whether and under what circumstances and

³⁰³ <https://www.svdj.nl/dutch-journalism-fund/>

³⁰⁴ <https://www.svdj.nl/subsidie/exploitatie/>

³⁰⁵ <https://www.svdj.nl/subsidie/onderzoek/>

³⁰⁶ <https://www.svdj.nl/dutch-journalism-fund/>

³⁰⁷ <https://www.svdj.nl/subsidie/sponsoring/>

³⁰⁸ <https://www.svdj.nl/dutch-journalism-fund/>

³⁰⁹ <https://www.svdj.nl/pilot-lokale-omroepen/>

funding, local public broadcasters were able to contribute fundamentally within their catchment area to strengthen the local journalistic infrastructure and improve news provision at local level.

Applications ended in December 2019. The successful projects were planned to start from 1st March 2020 with a duration of 1 year. There is a possibility of extension for a further year. The total budget is €2.85 million. The maximum grant per project is limited to €250,000. The creation of new jobs is part of the conditions and a full-time job could be supported with a grant of up to €50,000 per year. A minimum annual turnover of €80,000 is required for each broadcaster. The broadcaster is required to be designated and insured as a local public media institution throughout the project period.

Applications were assessed in terms of meeting the objective of leading to a journalistic professionalism; providing sufficient evidence that the local news provision will benefit from the initiative; including cooperation between different disciplines, professions and parties; and being feasible, i.e. objectives could be met within the projected timeframe.

- **Investigative journalism scheme**³¹⁰ was intended for the creation and expansion of research newsrooms in the Netherlands by supporting investigative journalism. The grant conditions included creating new jobs and assigning a senior project manager to lead the project. Evaluation criteria considered the proposed team; cooperation between different disciplines, professions and parties; potential social impact; sustainability, i.e. to what extent the project can continue after the grant process ended; and innovation in investigative journalism.

Applications ended in September 2019 and the funding was planned to be made available from 1st January 2020. The total budget is €2.8 million. 75% of the budget is distributed among regional and local projects while the remaining 25% is allocated to national projects. The maximum grant per project is €200,000. The full-time salary contribution of €3,500 per month is allowed for new employees. The salary contribution limit for existing employees employed to form a new research editorial is €1,750.

According to the last available SVDJ annual report (2018), a total of 24 projects were funded for a total subsidy of €2.693 million. In line with the fund objectives, 75% of these projects were local and regional.

- **Talent development pilot scheme**³¹¹ provided grants for organisations that have demonstrable experience in the field of investigative journalism and would like to provide training for developing talent in this area.

Applications ended in August 2019. The total budget is €275,000: €200,000 to set-up and develop initiatives and €75,000 to reimburse the course cost of the participants. The maximum grant per project is €50,000. The successful grant applicant could pass up to 25% of the course cost to the participants.

The successful projects could receive funding from 1st October 2019. The intention is to run the pilot scheme for one year and then decide whether it should be converted into a structural subsidy scheme.

It is also noted from the SVDJ annual report (2018) that there was a regional cooperation scheme run in the year 2016. The scheme funded four projects. The total funding was €450,000. The projects included start-ups and public private partnerships and involved training activities and collaboration with local/regional companies and libraries. One of the projects was planned for completion in 2019, two are due in 2020 and the last project is expected to be completed in 2021.

³¹⁰ <https://www.svdj.nl/onderzoeksjournalistiek/>

³¹¹ <https://www.svdj.nl/talentontwikkeling/>

5.5.4 Dutch Fund for In-depth Journalism (FBJP)

FBJP was set-up in 1990 by an independent group of journalists as a body to support investigative journalism. The body is funded by the Dutch Government though it operates independently. FBJP provides subsidies on a one-off annual basis to journalists for articles, long-reads, photo reportages, journalistic books and biographies and investigative reports. Separate subsidies are also offered for young journalists³¹². The details of the funding activities implemented in 2018 are available in the form of an annual report³¹³.

Objective of the intervention

The fund aims to support all journalists and authors in publishing or broadcasting in-depth stories.

Design, implementation and outcome of the intervention

There are three funding schemes available³¹⁴.

- **Investigative journalism scheme**³¹⁵ is intended for in-depth research projects for audio, audio-visual or online productions, articles, books or other journalistic publications. Journalists can apply for a grant individually or in a partnership. The next deadline for applications was 6th April 2020. A fee allowance of up to €100 per working day, with a maximum of €2,000 per full-time month can be awarded. For large projects, a preliminary award of up to €4,000 (2-months fee) can be awarded with a possibility of a follow-up grant. The limits for grants are €5,000 for an article or report; €10,000 for a long-read or series of articles; €20,000 for journalistic books and biographies.

According to the last available FBJP annual report (2018)³¹³, the investigative journalism scheme pays extra attention to regional projects and media. In 2018, the scheme funded 65 new projects and a total of €425,219 was provided. 47 projects were aiming to publish articles or a series of articles, 12 projects were expected to result in book publications and three projects were on multimedia. In addition, a subsidy was given to a radio report, a podcast and a movie. The awarded projects included regional and local research. Examples are salt extraction in Friesland; gas extraction in Groningen; housing market in Rotterdam; and rural policy in Friesland, Groningen and Drenthe.

During 2018, 15 projects were completed under the investigative journalism scheme. One book was published and the remaining 14 projects resulted in 58 articles in daily, weekly and online platforms. This has resulted in the support of high-profile reporting. Recent examples include an article series leading to parliamentary questions for a minister; an investigation on European tax fraud; and an investigation on the bankruptcy of hospitals.

In November 2018, the minister approved the Funds' proposal and granted extra resources to launch a talent development scheme³¹³.

- **Special journalism scheme**³¹⁶ offers grants for substantive research projects and requires project proposal, work plan, budget and intended publication method. The next deadline for applications was 27th April 2020. The amounts of available grants are the same as those provided under the investigative journalism scheme.

³¹² <https://fondsbjp.nl/dutch-fund-for-journalism/>

³¹³ <https://fondsbjp.nl/app/uploads/2019/06/Fonds-BJP-jaarverslag-2018-definitief.pdf>

³¹⁴ <https://fondsbjp.nl/subsidies/>

³¹⁵ <https://fondsbjp.nl/subsidies/onderzoeksjournalistiek/>

³¹⁶ <https://fondsbjp.nl/subsidies/aanvragen/>

In 2018, the number of newly funded projects were 46. These were granted a total of €320,633. 26 projects aimed for book publications and 20 projects aimed for publishing articles or a series of articles, digital long-reads or multimedia products³¹³.

During 2018, a total of 53 projects were completed under the special journalism scheme. In total, 30 journalistic books were published. The remaining 23 projects resulted in 83 publications in daily, weekly and online platforms.

- **Talent development scheme**³¹⁷ is run under the investigative journalism scheme and aims to give a boost to investigative journalism in the Netherlands. Support is provided for journalists with at least two years' experience and would like to extend their knowledge in the field of investigative journalism or recent graduates who would like to work in this field for up to two years. Applications are allowed throughout the year.

Every year, FBJP offers two 'journalist-in-residence' grants. The first grant is for five months stay in the Netherlands Institute for Advanced Study in the Humanities and Social Sciences and the second grant is for two months stay in the Netherlands Institute Athens. The applicants can apply for a grant of up to €2,000 per month and €500 for travel and expenses³¹⁸. In 2018, two of 46 projects funded under the special journalism scheme were in-residence grants. The first grant was €10,000 for a five-month stay of a journalist to work on her book. The second grant was to support a residency in the Netherlands Institute Athens for an investigation on how a Chinese state-owned company turned a loss-making Greek port into a profitable business again. A series of articles were published in Elsevier³¹³.

FBJP also offered a starting grant for young journalists in 2018. The fund was for (online) articles and five articles received €1,500 each³¹³.

All FBJP applications are assessed by an independent committee of media professionals.

5.5.5 Evaluation of the interventions

There has been long-term intervention by the Dutch Government to support news media. The two main funds both share the high-level objective to support diversity and production of high-quality journalism in the Netherlands. The government-administered Dutch Journalism Fund (SVDJ) offers a wide array of subsidies and funding opportunities which address the continuing need for state support of news media. There are two SVDJ schemes that are of particular interest: the Accelerator scheme which promotes business sustainability and innovation in provision of journalism (for example launching or improving digital content), and the Exploiter scheme which promotes media plurality and assists publications that would not be in-print without financial assistance.

The FBJP unsurprisingly offers grants and subsidies to support in-depth public interest journalism, primarily by offering financial support through its investigative journalism scheme and special journalism scheme. The existence and continued funding and sponsorship of the FBJP somewhat implies that the main journalism fund SVDJ and general market conditions does not sufficiently support public interest journalism. The additional independence from government (the scheme is administered by an independent body of journalists and received public funding) may be a further reason for the FBJP continued operation.

Both the SVDJ and FBJP funding offer multiple schemes to address specific problems faced by news media: employment and training opportunities and sponsorship to address staff shortages; funding for public-interest journalism; funding and support to assist publishers and broadcasters offer online content and keep pace with

³¹⁷ <https://fondsbjp.nl/subsidies/regeling-talentontwikkeling/>

³¹⁸ <https://fondsbjp.nl/subsidies/journalist-in-residence/>

changing consumer needs. However, it is notable that neither fund offers targeted funds for regional and local news media. As noted in Section 5.5.1, the Dutch media market is characterised by strong geographic separation between areas that predominantly read national newspapers and those that read regional newspapers which may contribute to regional newspapers being more sustainable due to high circulation.

5.6 New Jersey (USA) – New Jersey Civic Information Consortium

Key market features	
Number of national newspapers (name key papers)	N/A
Number of local and regional newspapers	115 (18 daily; 97 weekly) ³¹⁹
Advertising / subscription revenues	Not available
Print advertising vs. online advertising revenues	Not available
Weekly circulation figures	Not available
Population (millions)	8,908,520 (Census.gov, 2018 estimates) ³²⁰
GDP per capita (£, current)	42,821 (Bea.gov, 2018) ³²¹

5.6.1 Overview of the media market

While the United States Federal government plays a limited role in subsidising news media beyond longstanding indirect subsidies such as reduced postage rates, individual states have begun the process of introducing direct interventions to address the challenges facing local news provision. The New Jersey Civic Information Consortium is the first operational intervention at this level of government.

The daily newspaper market in New Jersey is highly concentrated. The state has 18 daily newspapers (including one Italian-language title, *America Oggi*), of which 13 local daily newspapers (72%) are owned by Gannett (eight titles) and Advance Publication (five). Weekly newspapers are more evenly distributed, with 97 titles including 14 independent newspapers (including Spanish-language *El Especialito*), with the remaining 83 spread across eight publishers. However, Gannett and Advance Publication, the two largest daily newspaper publishers, also own a substantial portion of weekly titles: 32 newspapers for Gannett and eight for Advance Publishing³²². A 2015 Rutgers University report measuring the health of local journalism ecosystems also found substantial differences in the distribution of news across different communities in New Jersey, with local journalists in Morristown (population approximately 19,000) producing 23 times more news stories per 10,000 capita than journalists in Newark (population approximately 280,000)³²³.

Detailed information on newspaper circulation and advertising revenue in local newspapers is not freely available which is a nationwide problem in the US rather than one specific to New Jersey. Reports of circulation decline based on paywalled Alliance for Audited Media data suggest that there are significant stresses on the print sector, with many New Jersey-based Gannett daily titles seeing circulation drops of over 30% between 2017

³¹⁹ <http://www.njpa.org/njpa/members.html> (List doesn't include the Italian-language *America Oggi*)

³²⁰ <https://www.census.gov/quickfacts/NJ>

³²¹ <https://www.bea.gov/>; calculated by 2018 historical USD-GBP average exchange rate (<https://www.ofx.com/en-ca/forex-news/historical-exchange-rates/yearly-average-rates/>)

³²² <http://www.njpa.org/njpa/members.html>

³²³ http://wp.comminfo.rutgers.edu/mpii-new/wp-content/uploads/sites/129/2015/06/Assessing-Local-Journalism_Final-Draft-6.23.15.pdf

and 2019, and some weekly titles seeing declines of over 40%³²⁴. This is consistent with national figures across the US: the *Boston Business Journal* report from which the Gannett figures were derived analysed the company's performance nationwide, noting that it was experiencing worse-than-average declines across the country³²⁵. The high penetration of Gannett in the New Jersey newspaper market suggests that any cost-cutting measures at the company will have a significant effect on local news provision in that state. September 2017, for example, saw significant job losses at New Jersey Gannett titles, the third round of job cuts following those in the previous 14 months³²⁶.

New digital news outlets have entered the local civic news market in New Jersey, with sites such as Politico.com offering targeted coverage of state politics³²⁷ and other sites such as NJSpotlight.com³²⁸ and NJArts.net³²⁹ providing coverage of local policy and arts, respectively. The hyperlocal site TapInto.net offers a franchise model and now covers over 80 sites³³⁰.

To the extent that New Jersey's local newspaper market is representative of the US market as a whole, Pew Research Centre data shows that circulation decline has been significant over the past two decades, with a substantial drop in advertising revenue since 2006 (including a 13% drop between 2017 and 2019) while circulation revenue has remained relatively steady since then. Digital advertising revenue now accounts for approximately 35% of all newspaper advertising revenue³³¹. The Pew Reports also shows a substantial decline of newsroom employees, with a drop of 46% in the decade between 2008 and 2018.

Local newspapers have a civic importance in New Jersey that perhaps goes beyond that of other media markets in the United States. New Jersey is unusual in that it is a relatively populous state that simultaneously lacks a television media market of its own, the entire state falling under the New York City media market and the Philadelphia media market (respectively the largest and fourth largest media markets in the US)³³². The state's main commercial network television station, WWOR-TV, is no longer physically based in New Jersey and has been criticised for failing to meet its licence obligations regarding news provision. The station ceased broadcasting a nightly news bulletin in 2013 and currently provides three hours of weekly news programming (consisting of a 30-minute late-night bulletin produced by an external company), compared with 56 hours on other stations in the New York City and Philadelphia markets³³³. A Rutgers University study of coverage of the 2005 New Jersey elections (encompassing the gubernatorial elections and elections to the General Assembly and a special Senate election in one legislative district) found that WWOR published just 13 stories on the elections during the campaign, and coverage on the New York City and Philadelphia stations was sparse³³⁴. New Jersey does have a public television (PBS) member station, NJTV, while a second PBS station, WNET 13, is based in Newark, New Jersey.

In late 2016 the interest group Free Press, which focuses on involving the public in the future of journalism and information-sharing, began advocating for a portion of the funds received by the state of New Jersey via the Federal Communications Commission's broadcast spectrum auction to be allocated to supporting local journalism. The group initially proposed that US\$250 million from the auction be redirected to local news but the final sum of US\$2 million was a fraction of the original ask. A non-profit grant-awarding consortium representing a collaboration between journalists, organisers, tech innovators and higher-education institutions with a remit to support media and community groups in providing local civic journalism to underserved communities in the state³³⁵ was eventually established as the New Jersey Civic Information Consortium in state

³²⁴ <https://newjerseyglobe.com/media/gannett-nj-papers-experience-huge-circulation-drops/>

³²⁵ <https://www.bizjournals.com/boston/news/2019/11/22/most-gannett-papers-are-losing-print-circulation.html>

³²⁶ <https://nypost.com/2017/09/15/gannett-stages-mini-bloodbath-at-new-jersey-newspapers/>

³²⁷ <https://www.politico.com/states/new-jersey>

³²⁸ <https://www.njspolight.com/>

³²⁹ <https://www.njarts.net/>

³³⁰ <https://www.tapinto.net/pages/about-us>

³³¹ <https://www.journalism.org/fact-sheet/newspapers/>

³³² https://archives.cjr.org/behind_the_news/new_jersey_broadcasting.php

³³³ <https://www.menendez.senate.gov/news-and-events/press/menendez-booker-to-fcc-hold-wwor-tv-accountable-to-njans>

³³⁴ https://eagleton.rutgers.edu/wp-content/uploads/2019/07/Election05_TVCoverage_Report.pdf

³³⁵ <https://www.freepress.net/our-response/expert-analysis/explainers/big-push-pass-civic-info-bill>

legislation in 2018³³⁶, This reflected the model of investment that Free Press originally promoted after a process of discussions with legislators and a series of public forums³³⁷, The speed of adoption of the New Jersey Civic Information Consortium is believed to reflect bipartisan acknowledgement of the need for immediate action to ameliorate the effects of declining local journalism³³⁸.

5.6.2 Summary of existing interventions

The New Jersey Civic Information Consortium marks the first such intervention into support for local journalism by a state legislature in the United States.

5.6.3 Objective of the intervention

The objectives of the intervention as set out by Free Press and ultimately incorporated into state legislation were "to meet the needs of underserved communities"³³⁹ and "transform how... communities stay informed, provide impactful reporting, and amplify the voices of people of colour and other marginalised communities."³⁴⁰ The scope of the project was designed not to be limited to replacing local newspapers, but to respond to the information gaps that the loss of journalism was exacerbating. As such, early proposed functions of the consortium included the promotion of media literacy, the creation of civic education institutes, local data apps and the provision of digital public radio³⁴¹.

Section 1 of the Act establishing the Consortium contains a list of the justifications and aims of the intervention:

- The people of New Jersey need accurate, relevant, timely, and trustworthy news and information to be civically engaged, make informed voting decisions, and work toward common solutions in their communities.
- News media operations in the State have endured major cutbacks in recent years, resulting in less coverage of important State matters. These cutbacks not only hurt the news media's financial health, but also harm communities by reducing the news and civic information to which residents have access.
- This situation has resulted in the need to authorize the establishment of, and to fund, the New Jersey Civic Information Consortium (consortium), a consortium of five State public universities, to advance research and innovation in the field of media and technology to better inform the State's communities to benefit the State's civic life and evolving information needs.
- By leveraging the resources, knowledge, and expertise of the State's public universities through a partnership with The College of New Jersey, Montclair State University, the New Jersey Institute of Technology, Rowan University, and Rutgers, The State University, the consortium could bolster public-interest journalism, civic information, and media innovation.
- The consortium would provide grants that support news and information that benefit the State's civic life and meet the evolving information needs of New Jersey's underserved communities.

³³⁶ <https://www.billtrack50.com/BillDetail/969532>

³³⁷ <https://www.niemanlab.org/2019/07/how-free-press-convincing-new-jersey-to-allocate-2-million-for-rehabilitating-local-news/>

³³⁸ <https://www.niemanlab.org/2019/07/how-free-press-convincing-new-jersey-to-allocate-2-million-for-rehabilitating-local-news/>

³³⁹ <https://www.niemanlab.org/2019/07/how-free-press-convincing-new-jersey-to-allocate-2-million-for-rehabilitating-local-news/>

³⁴⁰ <https://www.freepress.net/our-response/expert-analysis/explainers/big-push-pass-civic-info-bill>

³⁴¹ <https://www.freepress.net/our-response/expert-analysis/explainers/big-push-pass-civic-info-bill>

- Investments from the consortium, supporting the State's academia, media, innovation, and community service sectors, could advance these goals while ensuring financial sustainability, accountability, and lasting public faith in both the consortium and the work it supports.
- It is therefore necessary and in the public interest to establish the consortium and provide an initial funding source for the awarding of grants to organisations working to meet these goals.³⁴²

In summary, the Civic Information Consortium is a not-for-profit organisation with public charity status and income tax exemption. It is a collaboration between five higher-education institutions with grant-awarding powers. The goals that successful projects must seek to achieve (detailed below) are relatively broad and cover capacity-building through innovation and training as well as the information provision for communities commonly associated with traditional journalism.

5.6.4 Design of the intervention and its implementation

Composition and Structure of the Consortium

The New Jersey Act (Assembly No. 3628)³⁴³ establishes the Consortium as a non-profit, educational and charitable corporation in accordance with state legislation in the form of the New Jersey Nonprofit Corporation Act, in such a way that it qualifies as a corporation described in section 501(c)(3) of the federal Internal Revenue Code, structured as a supporting organisation to its member universities (Section 3b of the New Jersey Act). As such it is exempt from federal income tax. The stated purpose of the consortium is "to advance research and innovation in the field of media and technology to benefit the State's civic life and evolving information needs".

The members consist of five universities, one of which will house the Consortium:

- The College of New Jersey;
- Montclair State University;
- The New Jersey Institute of Technology;
- Rowan University; and
- Rutgers, The State University (Section 3a of the Act)

Section 6 of the Act outlines the relationship between the member institutions as:

"[a] collaborative effort among the member universities. Each member university shall focus its initiatives on one area of expertise and the board of directors shall decide on each member university's focus of expertise in order to allow for greater collaboration among member universities, decrease competition for grants, and reduce redundancy of efforts. Member universities may collaborate on projects together, as well as seek out other academic institutions to partner with on seeking grants."

The corporate structure of the Consortium consists of a Board of Directors with the power to set strategic priorities to guide grant-making, to approve grants, and to appoint the chief executive. The chief executive will

³⁴² https://www.njleg.state.nj.us/2018/Bills/AL18/111_HTM

³⁴³ https://www.njleg.state.nj.us/2018/Bills/AL18/111_HTM

manage the operations of the consortium and appoint programme officers to manage the grant-making process.

The Board is relatively large, with thirteen members representing a variety of institutions and interests:

- Two members appointed by the Governor;
- One member appointed by the President of the Senate;
- One member appointed by the Speaker of the General Assembly;
- Five members appointed by the president of each member university, each of whom shall have background experience in the field of journalism, media or technology; and
- Four members appointed by a majority vote of the nine [preceding] board members [...] of which:
 - One member shall represent the media sector;
 - One member shall represent the technology sector; and
 - Two members not employed by the State or a member university at the time of the member's appointment, shall have demonstrated a record of commitment to public service and understand the importance of media and technology to the State's future (Section 4 of the Act).

The Board, with the executive director and programme officers, will be obliged to hold annual public hearings in different regions of the State, in order to report to the public how programme funds are spent and to gather information on the mission and objectives of the Consortium. Public input will be used to assess whether grant-making metrics and processes need to be changed (Section 9c of the Act). The Consortium will also report annually to the state Governor and to the legislature on the activities of the Consortium and make the report available to the public. The report should list all grant applicants, the grant amounts of approved applicants, the amount of matching funds and in-kind contributions, and status report on activities funded by an approved applicant (Section 9a of the Act).

Grant-Making and Eligible Projects

The goals that grant-seeking projects should seek to achieve are as follows:

- Improve the quantity and quality of civic information in New Jersey communities;
- Give residents enhanced access to useful government data and public information through innovative applications, platforms, and technologies;
- Train students, professionals, and community members in the practice of community storytelling, journalism, and media production;
- Nurture better civic engagement and dialogue inside and between New Jersey communities;
- Better meet the information needs of low-income communities and racial and ethnic communities that have been underserved by the media; and

- Invest in research and practices that can help media outlets become more closely connected to their audiences and more sustainable without government support (Section 7b of the Act).

In addition, further eligibility criteria concerning the structure of the project are applied (Section 7a of the Act). Any application must include, but not be limited to:

- Evidence of a collaboration between at least one member of the faculty or graduate student of a member university and at least one local community organisation, media organisation, or technology-based organisation;
- Information demonstrating that the collaboration would be a mutually respectful partnership wherein all community and member university participants invest in a project designed to serve the consortium's mission and the goals cited pursuant to subsection b. of this section; and
- Proof that the member university or universities in total will provide an amount of funding or make an in-kind contribution having a value that matches 10 percent of the amount of grant funding for which the applicant has applied, if an application is sponsored by one or more member universities. For a grant proposal application sponsored by a member university housing the consortium and providing back-office support [...] the cost of that housing and support to that member university shall count towards the funding or in-kind contribution match from that member university.

Grants will take the form of agreements including metrics for assessing the achievement of project goals, to be determined by the Board in conjunction with the executive director and programme officers. Additional expectations will specify that grantees shall be independent of external influence, including from the grantor or any other contributor of funds to the project (Section 8 of the Act). Grant-making criteria will be made available to the public on the Consortium's website (Section 9b of the Act).

5.6.5 Outcome of the intervention

there are at this stage no measurable outcomes from the intervention as the initial tranche of money (US\$1 million) for the Consortium's operation was released in January 2020 and grants are yet to be allocated..

5.6.6 Evaluation of the intervention

As the Civic Information Consortium has not yet begun to allocate grants, it is too early to evaluate the intervention on the basis of effectiveness or demonstrated benefits. The scope of the intervention – the use of public money to replace the capacity lost by the decline of local newspapers with a combination of innovation and journalism – is an interesting premise. However, the level of initial funding (relative to the large sums initially promised) and uncertainty over future funding demonstrated by the delay to the release of funding between August 2018 and January 2020 may indicate future problems of sustainability. Sources from New Jersey politics and journalism acknowledge that the Consortium may struggle to obtain funding out of scarce public money in the future³⁴⁴.

The representation of political bodies, academic institutions and media representation on the board of directors has drawn criticism, though for various reasons. A *Wall Street Journal* editorial bemoaned the influence of universities and 'left-leaning' organisations in the setting up and administration of the Consortium, while also

³⁴⁴ <https://www.njspotlight.com/2020/02/state-antes-up-funding-for-local-journalism-project-finally/>

criticising the potential for political influence³⁴⁵. An editorial in *Politico* similarly raised doubts about the independence of the Consortium or the projects it will fund³⁴⁶.

5.7 Portugal – 2015 State Incentive Scheme

Key market features	
Number of national newspapers (name key papers)	652 titles in total (140 daily, 154 weekly, 179 monthly) ³⁴⁷ Leading daily titles include: <i>Correio da Manhã</i> , <i>Destak</i> , <i>Jornal de Notícias</i> .
Number of local and regional newspapers	Regional newspapers include <i>Jornal do Fundão</i> , <i>Açoriano Oriental</i> and <i>Diário de Notícias da Madeira</i>
Advertising / subscription revenues	-
Print advertising vs. online advertising revenues	-
Weekly circulation figures	-
Population (millions)	10.3 million (World Bank, 2018)
GDP per capita (£, current)	205 billion (World Bank, 2018)

5.7.1 Overview of the media market

The Portuguese media market is relatively concentrated across five major media groups; Impresa, Rádio Renascença (RR), Media Capital, Cofina and Global Media Group (formerly Controlinveste)³⁴⁸. Impresa owns several weekly titles and has consolidated into a multimedia group after winning a licence for terrestrial television in the early 1990s. RR is focussed on the radio sector. Media Capital is primarily an audio-visual group with a heavy presence in the radio sector and terrestrial private television. Cofina and Global Media Group are specifically focused on the print media (newspapers and magazines). Cofina owns the leading daily title, *Correio da Manhã*, which is targeted at daily news, finance and sports news. The configuration of Controlinveste is a merger between Lusomundo media and Olivedesportos, and it provides a mix of general news and sports for television and print media.

The media landscape is dominated by television and the Portuguese public consider this to be the most trusted medium³⁴⁹. According to the Public Media Consumption survey 2016, 99% of those surveyed regularly watch television compared to only 68.2% who regularly read newspapers and magazines, 60.5% who frequently use the Internet, and 73% who regularly listened to radio.

Although the media market is fairly concentrated, Portugal has a large number of active publications. At the end of 2016, a total of 1845 publications were registered at the Regulating Entity for the Media (ERC), of which 59% are print-only (newspapers and magazines), 18% print and online, and 23% online-only. Newspapers represent 35% of registered publications (652 titles, including 140 dailies, 154 weeklies and 179 monthly newspapers) and magazines represent the remaining 65% (1193 titles).

³⁴⁵ <https://www.wsj.com/articles/a-government-press-corps-1533501733>

³⁴⁶ <https://www.politico.com/magazine/story/2018/07/06/the-state-of-new-jersey-wants-to-subsidize-news-uh-oh-218952>

³⁴⁷ Media Landscapes, 2020, Portugal: Print. Available at: <https://medialandscapes.org/country/portugal/media/print>

³⁴⁸ Silva e C.E., 2014, Crisis, financialisation and regulation: The case of media industries in Portugal. Available at: <http://www.polecom.org/index.php/polecom/article/view/38/236>

³⁴⁹ <https://medialandscapes.org/country/portugal/media/print>

Figure 5.14 lists the notable daily and weekly publications from the major media groups and smaller or independent publishers.

Figure 5.14: Major publications

Media Group	Main publication titles include:
Cofina ³⁵⁰	<i>Correio da Manhã</i> (daily economics newspaper) <i>Jornal de Negócios</i> (daily business/sports newspaper) <i>Destak</i> (free daily newsmagazine) <i>Sábado</i> (weekly news magazine)
Global Media Group ³⁵¹	<i>Jornal de Notícias</i> (national daily) <i>Diário de Notícias</i> (national daily) <i>O Jogo</i> (digital-only economics newspaper) <i>Dinheiro Vivo</i> <i>Jornal do Fundão, Açoriano Oriental</i> and <i>Diário de Notícias da Madeira</i> (regional newspapers)
Impresa	<i>Expresso</i> (weekly newspaper), <i>Visão</i> (newsmagazine), <i>Jornal de Letras</i> (biweekly cultural newspaper)
Sonaecom	<i>Público</i> (daily newspaper)
Newsplex	<i>I</i> (daily newspaper) <i>Sol</i> (weekly newspaper)
Megafin	<i>O Jornal Económico</i> (economics weekly journal)
Impala	<i>Maria</i> (weekly), <i>Nova Gente</i> (weekly)
RBA	National Geographic, <i>Elle</i> and other specialised magazines.
Masemba	<i>Lux</i> , <i>Lux Women</i> and <i>Revista dos Vinhos</i> (magazines)

Source: Media Landscapes, 2020, Portugal: Print. Note: Unless specified, all publications have national circulation.

Although there is a high number of titles, there is a drop in numbers over time due to declining circulation and advertising revenues attributed to economic crisis and the rise of digital platforms³⁵². Print media absorbs only 9%, internet 8% and radio 4% of the advertising proceeds. The fall in the number of copies sold has been as high as 44% and there was a decline of 31.1% in the overall circulation of free press between 2004 to 2014. These market conditions have led to a number of high-profile market exits. In 2011, ERC registered a reduction in the total number of publications in Portugal by 17%. Emerging media group, Ongoing, went into insolvency in 2015 and ceased publication of its daily economics-focused newspaper *Diário Económico* and *Económico TV* channel in 2016, and Portuguese tabloid newspaper, *24 Horas*, ceased publication in 2010. Companies have found it difficult to monetise their digital content and there is slow growth in uptake of digital and bundled subscriptions. The Digital News Report 2017 reports that payment for online news remains at only 9%³⁵³.

There are concerns that high levels of cross-media concentration in Portugal could pose a threat to media pluralism. The Media Pluralism Monitor (MPM) report in 2016 identified several areas of high risk within the Portuguese media market. The categories³⁵⁴ considered included:

³⁵⁰ *Correio da Manhã* (101,468 copies per issue) and *Jornal de Notícias* (54,791) are the most widely read newspapers.

³⁵¹ *Jornal do Fundão, Açoriano Oriental* and *Diário de Notícias da Madeira* are regional newspapers.

³⁵² Media Landscapes, 2020.

³⁵³ Reuters Institute Digital News Report 2017:

https://reutersinstitute.politics.ox.ac.uk/sites/default/files/Digital%20News%20Report%202017%20web_0.pdf

³⁵⁴ Cádima R.F., 2016 et al, Media Pluralism Monitor 2016: Portugal. Available at: <https://cmpf.eui.eu/media-pluralism-monitor/mpm-2016-results/portugal/>

- **Basic Protection – Low risk, 15%.** This considered protections of freedom of expression, of right to information, journalistic protections, independence of media authority, and universal reach of traditional media.
- **Market Plurality – High risk for horizontal concentration, 67%. Low to medium risk for cross-media ownership, 27%.** Market Plurality includes transparency of media ownership, horizontal ownership, cross-media ownership concentration, commercial influence on editorial content and media viability.
- **Political Independence – Very low risk, 11%.** This considers political control over media outlets, editorial autonomy, media and democratic electoral process, state regulation of resources and support to the media sector, independence of PSM governance and funding.
- **Social Inclusiveness – Medium risk, 46%.** This includes access to media for minorities, access to media for local/regional communities, access to media for people with disabilities, access to media for women and access to media literacy.

A lack of blanket coverage of regional and local news media publications and low circulation means that communities may be underrepresented. The MPM report grades access to media for local and regional communities with a medium risk score of 54%.

One of the major decisions taken by ERC to reduce market concentration and maintain pluralism was the 2009 decision of ERC to not approve the acquisition of Media Capital by Ongoing. Ongoing had holdings in business newspapers and pay-tv in Portugal and Brazil, and also a 25% share of Impresa. ERC found that the acquisition could potentially harm both Impresa and Media Capital that had strong positions in the television market and did not approve the acquisition.

5.7.2 Summary of existing interventions

This case study focuses on the major State Incentive Scheme 2015, which succeeded the State Incentive Scheme for local and regional media that was originally introduced in 2009. There have been numerous previous government interventions discussed in this section that all aim to support the Portuguese media market, primarily targeted at securing audience and revenues and business sustainability.

2009 State Incentive Scheme for Regional and Local Media

Article 4 of the Press Law of Portugal determines that the State is expected to organise a system of non-discriminatory incentives to support the press. This is complemented by the principle of political and economic independence of media as enshrined in the Portuguese constitution. These constitutional provisions underpin the State Incentive Scheme to Regional and local media, which aims to ensure the representation of multiple opinions in the regional and local media³⁵⁵. The Scheme has provided consistent incentives to modernise the sector and for the state to provide a supporting role and to ensure there is no undue advantage to any of the beneficiaries (i.e. limited distortion to market competition)³⁵⁶.

Previous legislation aimed at developing and supporting the Portuguese news media sector is summarised in Figure 5.15.

³⁵⁵ This includes all forms of local media, including print journalism.

³⁵⁶ ERC, 2009, Study on regional and local press

Figure 5.15: Legislative measures to support Portugal's news media sector

Ordinance No. 414 A/87 was the first legislation that adopted the constitutional imperative and financial support for the media. Its objective was to create conditions that support healthy competition between the private and the public sector in media.

Ordinance No. 411/92 aimed to strengthen the structure and technological base of the media, and create conditions conducive to supporting diversity and pluralism in information

Ordinance No. 169-A/94 maintained objectives as in the previous legislations. It was passed along with Decree-Law no. 37-A/97 that proposed to maintain the right conditions for the exercise of the right to inform and be informed by complementary sources in order to minimise market distortions.

Decree-Law 56/2001 was passed in 2001. This emphasised on the state's participation to help modernise and professionalise local and regional media, as they face unfavourable socio-economic environments.

The legislation was further amended in 2005, by Decree Law no. 7/2005. It was a departure from the previous protectionist type model towards a more business-oriented approach. This emphasised co-responsibility between the state and the beneficiaries, with time targets introduced for certain types of support. The legislation also put a limit of € 200,000 in state aid, in accordance with the Regulation (EC) No. 1998/2006.

Ordinance No. 184/2009 increased the state aid to € 500,000 per qualifying publisher over a period of three financial years in response to the 'Communication from the European Commission-Temporary Community framework on State aid'.

The 2009 State Incentive Scheme had the following three objectives:

- Technological and multimedia development.
- Dissemination of the journalistic product.
- Cultural and journalistic expansion in Portuguese communities.

The grading criteria for the applications to be approved for the incentive scheme focused on job creation for media professionals, innovation, and contribution to regional and local development or promotion of regional culture and languages.

There is limited public information relating to the outcome and success of the 2009 State Incentive Scheme to support regional and local news media. However, in the long-term the measures were not considered to be comprehensive and/or sufficient to keep pace with the structural changes in the media sector. The scheme was replaced by the 2015 State Incentive Scheme.

Postage subsidy for mail subscriptions

In 2001, the Decree Law no. 56/2001 introduced a measure to allow the Portuguese state to pay for the postal cost of mailing publications to subscribers residing in the national territory and in some cases abroad³⁵⁷. It was introduced as a means to increase circulation and readerships. However, following implementation of the scheme, it was judged that the measure did not encourage increased readership and financially benefited qualifying publishers. Critics noted that the legislation did not distinguish between incentives for social

³⁵⁷ ERC, 2009, Study on regional and local press

communication and postage paid. The legislation was amended in light of this in the Decree Law no.6 and Decree Law 98/2007. Decree Law no. 98/2007 reframed the legislation to encourage readership of periodicals, with less focus on the postage subsidy. However, the subsidy still tries to incentivise an increase in readership by offering a reduction in the postage cost. At present, the state contribution is now 40% of postage for general information publications that meet a specific set of qualifying criteria. These include threshold number of employees contributing to the publication, minimum average circulation rates, periodicity and space occupied with advertising content.

State advertising support

Portugal has also passed legislation on state advertising in support of regional and local news media in 1990. Decree Law no. 330/90 approved an advertising code that specified a percentage of state advertising that could be placed on local and radio stations and regional print publications, provided any specific objectives or technical constraints are not opposed. In effect, state advertising can be considered to be financial aid to regional press and local radio stations. Conditions of the legislation do require that regional publishers have the potential to generate their own revenue to ensure they are not dependent on the state advertising budget.

The Portuguese state as a direct source of revenue for regional media was redefined in 2004 by Decree Law no. 231/2004. This refocused the state's advertising spending from the primary function to support regional news media to focus instead on better means to disseminate the information. The rationale provided was that local media has a greater degree of geographic penetration and proximity to target audiences over national media. The emphasis was put on the fact that state advertising should not be viewed solely as revenue for local media but yet another opportunity to provide relevant information to communities. In terms of the exact monetary incentive, Decree Law no. 231/2004 specifies that in each quarter advertising opportunities worth € 15,000 or above should be provided to regional and local titles or radio stations.

5.7.3 Objective of the intervention

It was realised that the 2009 State Incentive Scheme for Regional and Local Media had become obsolete as it did not reflect the evolution in the sector and move to digital platforms. The 2015 State Incentive Scheme³⁵⁸ was introduced in response to a growth of online and digital news media publishers and broadcasters which had acted as catalysts to modernisation and negatively affected the (financial) sustainability of the Portuguese media sector.

The 2015 State Incentive Scheme identified the need to help existing publishers and other news media outlets to adapt their business models in response to the changing audience needs and consumption. This was in accordance with the objectives advocated by the Digital Agenda European Union.

The specific objectives of the 2015 State Incentive Scheme are as follows.

- To promote greater interconnection between the media incentive regime and other public incentive systems.
- Support for accessing training and any employment opportunities for journalists and media professionals.
- To promote convergence towards social media and digital platforms.

³⁵⁸ DRE, 2020, Decree-Law No. 23/2015. Available at: <https://dre.pt/web/guest/pesquisa/-/search/66443111/details/maximized>

- Incentive for media literacy and education.
- Support management to be foreseen within a regional context.

5.7.4 Design of the intervention and its implementation

The 2015 State Incentive Scheme was targeted at publishers and broadcasters providing regional and local interest news.

Eligibility criteria

To be eligible for the Scheme, the publishers and broadcasters had to meet the criteria outlines below.

- Offer relevant regional or local content and provide this in Portuguese language.
- Comply with the minimum registration period and periodicity requirements for the allocation of the incentive scheme.
- For publications to have a minimum circulation of 750 copies.

Selection of funding incentives

The Scheme offered a wide range of funding incentives, from subsidies and partnerships to support for vocational training, as summarised below.

- **Employment and vocational training:** to promote employability, training and the development of skills in the area of social communication, including aspects of business and commercial management.
- **Technological modernisation:** support for projects aimed at the requalification and reconversion of equipment and infrastructures of the local broadcasting media.
- **Digital development:** support for projects for the use of multimedia platforms and sustainable conversion to digital media. This promotes convergence and encourages the production of new journalistic formats (e.g. digital-only publications and podcasts).
- **Accessibility to the media:** development of projects with regional or local scope to allow people with disabilities to access media content and information and communication technologies more widely.
- **The development of strategic partnerships:** creation of partnerships, agreements and/or collaborations between the producers of regional and local media and their national or international counterparts. The aim of this is to improve efficient access and use of available resources.
- **Literacy and media education:** to stimulate media literacy, inclusion and knowledge of local and regional issues through the development of regional and local projects. This could include projects developed in partnership between intermunicipal communities, media outlets, or locals.

Though the objectives and incentives of the 2015 State Incentive Scheme is clear, there is little information on the budget allocated to support the overall scheme and the individual incentives.

Measures to evaluate funding incentives

The 2015 State Incentive Scheme outlined a number of obligations for potential beneficiaries and set out the criteria to evaluate the scheme beneficiaries' performance.

Beneficiaries are obligated to report on the terms and use of the funding periodically to Regional Development and Coordination Commissions (CCDR). The reporting interval may differ by project type. The beneficiaries are also subject to inspection actions by the CCDR to verify compliance. The beneficiaries would need to provide access to all elements requested by the CCDR for verification. This could include access to facilities, accountability documents and equipment.

The beneficiaries also need to submit a final execution report, after the project has been completed, within a maximum of 30 days from the project completion date. If the final execution report is not approved, it could also mean an obligation to refund the amount granted. Non-compliance with some of the terms of the grant or reporting process could come with fines up to € 30,000.

5.7.5 Outcome & evaluation of the intervention

It is difficult to evaluate the impact of Portugal's 2015 State Incentive Scheme due to lack of accessible information on allocated funding and the success of supported projects. However, Portugal's media sector supports a high number of print titles and appears to be relatively stable to international comparators. It is probable that this is a consequence of long-term and sustained intervention in the press sector by the government over numerous years. The viability of a high number of titles during the rise of digital platforms may be considered as an indicator of success for the 2015 State Incentive Scheme that was specifically introduced in response to the digitisation of the media landscape.

It is notable that the Scheme includes a wide range of specific measures aimed to support regional and local news media (publishers and broadcasters). The incentives (funding opportunities outlined in Section 5.7.4) closely reflect the Scheme's objectives, and introduced specific measures to promote press sector training and employment, improved media literacy, representation of regional issues and news, and convergence to digital platforms. Several of the measures focus on providing the physical resources and skills to help producers of regional and local news media adapt to digital media. This is most evident in the funding opportunities to modernise technology for broadcasters and digital development opportunities to support sustainable conversion to digital media.

The 2015 State Incentive Scheme further supports access to regional and local news media, acknowledging the value of local reporting for communities and democracy. This is reflected by funding incentives for media literacy and education projects and for regional and local news outlets to improve the overall sustainability of their businesses, through partnerships with national news organisations and/or direct subsidies.

6 Conclusions and strategic recommendations for the UK

This section summarises the key findings of Plum’s research to establish the current status of the UK press sector, the relationship between local newspaper performance and democratic participation, and our conclusions from our survey of press sector interventions in other jurisdictions.

While the above was the primary purpose of the work carried out, the UK press sector has been significantly affected by the Covid-19 crisis that unfolded during the study. At present, Covid-19 is strongly exacerbating negative structural trends and putting pressure on already weakened publisher business models. There have also been several examples that we draw attention to in the report of interventions that have taken place as a result of Covid-19. There is no doubt that the Covid-19 crisis will have a significant impact on future market structure, news provision and consumption – particularly for the local newspaper market – identified within the key findings of Plum’s research.

6.1 Key research findings

Journalism

Local journalism has a key role to play in civil society. The decline of the local newspaper industry and resulting negative impacts on journalism reduce scrutiny of democratic functions. Conditions for the industry are likely to remain challenging and could further erode front line local journalism.

There are differences of opinion on the specific functions that journalism should be expected to play in liberal democratic society. However, there is general agreement that democracies can only function effectively where the public has access to enough information to make informed decisions in civic life. Therefore, the presence of journalism in civil society is vital to its functioning. Scenarios in which there is a reduction of news capacity are likely to be damaging, and the absence of journalism potentially catastrophic. The impact on communities by the removal or reduction of local newspaper coverage can be profound.

Studies over the past fifteen years have identified the stresses that increasing commercial pressures are exerting on local newspapers’ ability to perform their civic roles as newsroom cuts limit the ability of journalists to cover local issues in depth while traditional journalism in the local press has been progressively replaced by cheaper agency or public relations copy. The closure of local and regional news titles has led to underreporting and less scrutiny of democratic functions, such as local court reporting and local authorities’ decisions.

The resulting strategic responses to commercial decline by the local newspaper industry have been found to have a detrimental effect on titles’ ability to cover local issues, particularly in rural areas. Cuts and closures resulting from commercial pressures have reduced scope and capacity and led to the emergence of local monopolies in print journalism across the UK. Research has demonstrated how this translates into negative impacts on public interest journalism.

A key issue for local news provision is that journalism can be undervalued. This is because its social benefits may not be reflected in the financial value that the public places on it, leading to underproduction and potentially poor quality. The emergence of hyperlocal news outlets in the UK, although a positive development in general, has not so far filled the gap in journalistic capacity left by the demise of local newspapers.

Looking ahead, challenging conditions for UK local and regional news publishers are likely to continue and newspaper publishers express concern that there is limited scope to cut costs without reducing frontline journalism. In addition to other challenges facing the sector, a major exogenous shock, such as a recession triggered by the current Coronavirus crisis, will put further strain on the industry and the presence of local journalism.

Correlations between news provision, news consumption and local democracy

Local newspaper provision and consumption has a positive effect on local democratic participation over time.

A central objective of the study is to establish and understand the relationship between local newspaper performance and local election turnout. We investigated this using two different techniques to test for correlations between local election turnout and local newspaper coverage and reach.

We find that local newspaper circulation and reach has a positive and significant effect on local election turnout over time. In particular, the positive correlation between circulation and turnout remains present across our analysis – in other words, areas with higher levels of local newspaper circulation also report higher local election turnout. The main findings from the over-time analysis are:

- Local newspaper circulation has a positive and significant effect on local election turnout. In particular, we find that daily newspaper circulation – closely correlated with reach – is a stronger determinant of local election turnout than choice of local newspaper titles or weekly newspaper circulation.
- Local newspaper reach – measured by average issue readership – and its impact on local election turnout varies across age groups. Weekly readership by age group has a stronger influence on turnout than daily readership; this is perhaps caused by average weekly AIR being higher than average daily AIR. Increasing daily newspaper readership only has a significant impact on turnout if readership is increased amongst over-65s. However, it should be noted that these results do not fully explain variation by age group as we are unable to control for consumption of alternative news sources (for example online – local - news sources and/or national newspaper readership) or variation in local election turnout across age group that will be determined by other factors.
- Increasing daily and weekly newspaper reach amongst C2DE (working class occupation and state pensioners) readers increases local election turnout; however, an increase in turnout is not observed when ABC1 (middle class occupation) readers increase.

Shift to online

The shift to online consumption of news makes life harder for local newspapers as it impacts circulation and advertising revenue. Online news is consumed in a different way and accessible at low cost

News media consumption is shifting to online, particularly to mobile devices. Ofcom research indicates that television remains the most-used platform for news, with 75% using it for news in 2019, compared to 79% in 2018, with internet growing from 64% to 66%. Comscore found that 99% of the UK internet population accessed a news site in July 2019.

An issue for traditional print media is that people consume news very differently online. Some of the main differences with online news consumption include:

- **Diversity of new sources.** Consumers show a propensity to take in a diversity of news sources online.
- **Consumption on social media platforms.** Local and regional newspapers are particularly reliant on these platforms to refer consumers who are actively looking for local news or pushed local news due to their location or social connections.
- **Broad competitive set.** Traditional news brands face competition from a range of UK and international general news providers and specialists.
- **Prevalence of low-quality news and disinformation.** This is an increasing concern. In 2019, 70% of UK consumers were concerned about “what is real and what is fake on the internet”, compared to 58% in 2018.

Falling newspaper circulation as online grows has caused circulation revenues to decrease from £2.2 billion in 2007 to £1.7 billion in 2017. Newspaper advertising revenue has decreased at a much higher rate, from £4.6 billion in 2007 to £1.4 billion in 2017, driven by the decrease in circulation and increasing competition from online advertising. Although news publishers have grown their online audiences, online advertising (and circulation) revenues do not compensate for the decline in print.

UK market

The UK local press market has an unequal distribution of titles and coverage.

The historical growth and decline of the UK local press has resulted in an unequal distribution of titles (and therefore coverage) across the country. This irregular distribution is partly driven by easily identifiable factors such as urban status or proximity to a major urban area with the capacity to support a significant local advertising market, and results in areas with different susceptibilities to the further retreat of the local newspaper industry. Examples include:

- **Underserved areas with little or no coverage:** A small but significant number of Local Authority Districts receive coverage from a single local title. These areas are highly susceptible to any further cuts to local news provision and the possible removal of local newspaper journalism. Previous analysis by King’s College London in 2016 identified parts of eastern Northamptonshire as encompassing a large population covered by a single daily newspaper, as well as Port Talbot in South Wales – an area long associated with the decline of local newspaper coverage. Our analysis identifies 22 areas apparently served by no local newspapers in 2019, though this number includes newspapers that are evidently purchased in those areas but which do not reach a modest threshold of household penetration or proportional circulation. These areas are outlined in Section 3.3 above and consist largely of London Boroughs (previous studies have shown how the *Evening Standard* does not for the most part serve the purpose of a local newspaper for the majority of London Boroughs³⁵⁹, hence its lack of inclusion in this analysis). Outside London, certain areas appear to receive low levels of local news coverage and would benefit from more targeted analysis. These include: Surrey (especially Woking, Spelthorne and Runnymede), Derbyshire/Leicestershire (Erewash, North-East Derbyshire and North-West Leicestershire) as well as the West Midlands (South Staffordshire), North Dorset and Hertfordshire.
- **Areas subject to local monopoly coverage:** Less vulnerable are areas that enjoy a plurality of local newspapers, but monopoly coverage by a single publisher responsible for all titles. Significant shocks to individual publishers (or the industry as a whole) may have a disproportionate effect on such areas,

³⁵⁹ <https://www.kcl.ac.uk/policy-institute/assets/cmcp/local-news.pdf> (page 21)

although the greater sustainability of large-city daily newspapers may ensure some continuing local coverage. Areas identified in Section 3.3 as having only one publisher whose titles achieve the thresholds of significant household penetration and circulation (mapped in Figure 3.5) include Cumbria and parts of Lancashire, much of East Anglia, Essex and Kent, the Midlands and Hampshire.

- **Areas with significant plurality in local newspaper coverage:** A diminishing number of areas of the country continue to enjoy a situation approaching the ideal of multiple and varied sources of local news. As Section 3.3 demonstrates, certain areas are covered by multiple publishers, including the north and north-east of Scotland, Dumfries and Galloway, parts of the north-east of England, the East Riding of Yorkshire and parts of Wales and Cornwall.

Market concentration

The UK regional and local newspaper market is concentrated. There are dominant suppliers and questions around the impact of increasing concentration and reduction in plurality.

The regional and local newspaper market is relatively concentrated in terms of ownership of titles. Five conglomerates – Gannett, JPI Media, Reach, Tindle and Archant – account for 80% of all regional titles, with a further 57 smaller publishers holding the remaining 20% of titles.

At a local level, the UK newspaper market is highly concentrated with the vast majority of local authority districts being served by a dominant publisher. Only 17 of 380 (4.5%) local authority districts in England, Scotland and Wales do not have a dominant publisher. Of these local authority districts, 262 (68.9%) have a dominant publisher with more than 70% share of circulation and 85% of local authority areas are covered by only one or two publishers.

This raises questions on the acceptable versus ideal level of competition in the regional and local newspaper market. Negative impacts of concentration in supply include reduction of plurality in the local news market, possible lowering of quality and the potential to erect barriers to new entry (although it is questionable the extent to which incentives exist for entry to local newspapers with current market forces and the shift to online). Plurality may be reinforced through local TV and radio, but the effect is unclear as they offer a different type and depth of coverage compared to local newspapers. Barriers could include pricing behaviour, especially toward advertisers. Less negative effects of concentration potentially include maintaining the presence of a viable base of local journalistic capacity and improved sustainability of supply chains and delivery models. However, the need for safeguards on coverage and standards may require consideration should further concentration occur.

Interventions in the UK

Public and private interventions have taken place in the UK market but the approach to these has been fragmented. A more reasoned public interest approach is required.

The UK government has historically taken a largely hands-off approach to the print sector, in contrast with the strong role they have adopted to public broadcasting in the television and radio sectors, thus delivering a balance between a mixed broadcast environment with strong public interest obligations and a commercial press that proclaims its independence from the state. However, challenging market conditions over a number of years have led to several interventions to support local and regional publishers in the UK.

The deployment of public resources has taken place through bodies that have a degree of independence from the government of the day. These include the BBC – which since 2017 has used a portion of its licence fee income to support 150 local news reporters and which operates training and apprenticeship programmes for

new and current journalists – and NESTA (formerly the National Endowment for Science, Technology and the Arts), which in 2019 announced a significant innovation fund for news. There has been some criticism of these interventions as their support for local journalism does not offset much larger editorial job losses across the UK local press.

Facebook and Google have provided some support to local journalism. In November 2018, Facebook announced that it would give £4.5 million to fund 80 local newspaper jobs in 2019 and 2020 through a cash donation to the National Council for the Training of Journalists (NCTJ). Google's Digital News Innovation Fund (DNI Fund), a European programme was launched in 2015 and sits under the wider Google News Initiative with an overarching objective to support and kick-start innovation within the European news ecosystem.

The combination of a largely hands-off approach, fragmented public and private interventions and until recently insufficient research on which to derive accurate assessments, has led to a situation where it is difficult to assess the success of interventions in the UK market. There are similarities between the UK's position and that of other jurisdictions as set out below.

Interventions in other jurisdictions

A diverse set of interventions have been seen and while inputs are defined, there has been limited evaluation of the projects supported. The scale of interventions is also small in terms of the industry. This makes it hard to assess the effectiveness of interventions and their suitability for the UK.

Plum's literature review and case study research found that the vector of funding for interventions is generally direct grants/subsidies or tax relief. For example, current schemes in Australia, France, the Netherlands and Portugal involve direct grants or subsidies, whereas Canada has developed an extensive tax incentive scheme. Most schemes have complex eligibility criteria. Activities supported by interventions fall into one of three main categories:

- General operations.
- Journalistic capacity.
- Innovation projects.

There are differences in the organisations targeted for support. Austria and France target national, regional and local newspapers, Canada specifically targets underserved local areas but is media agnostic, the Dutch Fund for In-depth Journalism supports articles, long-reads, photo reportages, journalistic books and biographies and investigative reports, for publishing or broadcasting. Other examples include the New Jersey Civic Information Consortium which supports projects that involve collaboration with universities who are members of the consortium.

In general, the administrators of the interventions report on the distribution of funds in terms of the amount spent and the organisations and/or projects supported. However, there has been very limited evaluation of the impact of the interventions. In the context of the overall press sector, most interventions are relatively small in scale. Although we do not have accurate data for other markets, we estimate that the support provided by interventions in Australia, Austria and the Netherlands is equivalent to less than 1% of newspaper revenues in each country.

Ensuring better focus for future interventions

Interventions should be well designed for local journalism and newspapers to provide a key input to civic society and democracy. Theory based assessment methods could offer options to achieve this.

While some interventions considered for this report have delivered demonstrable improvement, there is a lack of clear trends both around modes of intervention and objectivity. A key finding is that relatively little consideration is given to defining and measuring intended outputs and outcomes. This could be addressed by focusing more policy attention on the “Theory of Change” when defining interventions. HM Treasury Magenta Book sets out approaches for this. Key points are to:

- Develop a good understanding of the current situation and trends.
- Consider the proposed inputs and their form (e.g. investment, other actions).
- Develop a view on the causal chain from inputs to expected outputs and outcomes and the mechanisms underpinning these, including assumptions around those that take up the interventions, assumptions on changes in behaviour and process driven by the intervention and assumptions on benefits anticipated together with indicators on unintended effects.
- Evaluate both early and medium-term results, and longer-term impacts.

Appendix A JICREG local newspaper data

The geographic and econometric analyses use data supplied by DCMS from the Joint Industry Currency for Regional Media Research (JICREG) for the years 2007, 2012, 2017 and 2019. The JICREG data captures 520 local daily and weekly local news brands available in England, Scotland and Wales and is updated twice per year – in April and October³⁶⁰. The JICREG data captures information on local newspaper titles, circulation, reach and relevant characteristics, namely population by age group and occupational class³⁶¹.

The JICREG data is also limited to newspapers and their associated digital iterations, and does not include hyperlocal news sites that have no affiliation to the newspaper industry's representative bodies or auditing services.

A.1 Observation level and data transformation

The JICREG data is observed at 'newspaper per Location' level³⁶². Plum transformed this data to an 'Local authority district (LAD) aggregate' observation level as this was the common observation level for other data sources used in the econometric analysis (local election data and ONS annual population survey data). Furthermore, LAD allows us to observe press performance within a specific area. The data transformation was undertaken in two steps.

- First, 'Newspaper per Location' observations were transformed to 'Newspaper per LAD'. To undertake this, we used *postcode-Location* and *postcode-LAD* indexes provide by JICREG to identify the most relevant LAD for each location. Where a location had more than one possible LAD, we selected the most likely LAD based on information gathered from desk research or postcode analysis. For example, the Birmingham location matched with several LADs; we identified that the main LAD was Birmingham City Council though some areas of Birmingham – typically suburban outskirts – sat under other LADs³⁶³.
- The second step was to transform 'Newspaper per LAD' observations to an 'LGA aggregate' observation level (appropriate sum or average of variables relating to newspaper circulation and reach in the LAD).

As a consequence, the 'LAD aggregate' data is a near approximation of local newspaper performance in the LAD. As the JICREG data is not provided at postcode level, there will be some portion of Locations that not captured in the appropriate overseeing LAD. It should also be noted that the LAD boundaries defined by JICREG are consistent with local authority district boundary definitions as of April 2019. LAD boundaries have been revised several times between 2007 to 2019.

A.2 Identifying 'local' newspapers

³⁶⁰ JICREG report that there are 71 daily titles and 449 weekly titles captured within the dataset. See: <https://www.jicreg.co.uk/about.php>

³⁶¹ JICREG report demographics as population by age groups and population by NSR social grade – ABC1 middle class occupations and C2DE working class occupations.

³⁶² Note that JICREG also provided the newspaper circulation and print/online reach data observed at 'newspaper at Location' and 'newspaper per LGA'. However, for consistency with previous years, we used 'newspaper per Location' data for 2019, using the same data transformation steps for all years.

³⁶³ Other examples of Locations that had multiple LGAs include areas of London that sit under numerous London Boroughs and large rural Locations that are overseen by different district councils.

National newspapers for Scotland and Wales that are captured in the source data are excluded^{364,365}. These newspapers are excluded on the basis that the extent of the areas and populations that they cover mitigate against consistent and targeted journalistic coverage at the local community level. While newspapers such as the *Daily Record* may intermittently cover events in a given locality, they do not continuously devote resources to covering local issues in any one place within, in this case, Scotland. They therefore do not provide the same function as a local daily or weekly newspaper with a limited but consistent local focus.

The JICREG dataset records print newspaper reach in terms of circulation in a given (distinct) Location, such as a city or village, though Plum has undertaken to identify which Locations sit within LADs – as explained in Appendix Section A.1. In some cases, this means that titles are linked to areas where they do not provide journalistic coverage, but where a very small number of copies may circulate (due, for example, to population diasporas or because of transport links between areas). As such, the inclusion of all circulated copies within the JICREG database would provide a distorted picture of the extent to which LADs are ‘covered’ by different local titles.

To remedy this, the present analysis adapts a filtering method used by researchers in the 2016 King’s College London study of local news monopolies to generate a proxy for newspaper ‘coverage’ of a given area, rather than simple circulation³⁶⁶. This involves applying thresholds of household penetration and proportional circulation within LADs to denote whether local newspapers reach a significant proportion of the population of a LAD, and that a substantial portion of the newspaper’s circulation is consumed in that LAD. This provides a consistent, if imperfect, method of measuring newspaper coverage at scale.

The method works as follows:

- For each LAD, each newspaper recorded by JICREG as circulating in that area is discarded from analysis if it does not reach one of two thresholds, which differ for daily and weekly newspapers.
- For daily newspapers, a title is retained if it attains 5% or higher household penetration (circulation per household in the LAD) or if 10% of the newspaper’s total daily circulation occurs in the LAD.
- For weekly newspapers, a title is retained if it attains 5% or higher household penetration or if 20% of the newspaper’s total weekly circulation occurs in the LAD.

Combined, the thresholds establish a link between population and consumption of a given title in LADs through household penetration, as well as setting a limit on the extent to which a daily or weekly newspaper can be said to provide in-depth coverage of a local area. In effect, the 10% proportion limit on daily newspaper circulation is an acknowledgement that a local daily paper is unlikely to provide consistent targeted coverage across more than ten LADs (though the household penetration threshold allows for the inclusion of cases where a title circulates relatively few copies, but is consumed by a significant portion of the LAD’s population). The 20% proportion limit for weekly newspapers recognises the more limited geographic extent of the coverage of smaller weekly titles.

Applying any thresholds in this way can result in the exclusion of titles that fall just short of the values set for the thresholds. This is a regrettable side effect of a methodology that is necessary to exclude a large number of false positives that would result from using simple circulated copies within LADs. In order to make the thresholds as inclusive as possible, adjustments were made from the original methodology used in the KCL study: all newspapers are now included if they meet either of the thresholds (daily newspapers were recorded as covering

³⁶⁴ The national newspapers for Scotland that are removed from the JICREG dataset include: the *Daily Record*, *Sunday Mail*, *Sunday Post*, *Scotland on Sunday*, *The National*, *The Scotlaman*, *The Herald*, and *Herald on Sunday*. Note that the latter closed in 2018. The national newspapers for Wales removed from the JICREG dataset are: *Western Mail* and *Wales on Sunday*.

³⁶⁵ The JICREG dataset does not include national newspapers for the UK and England, or any local or national newspapers for Northern Ireland.

³⁶⁶ <https://www.kcl.ac.uk/policy-institute/assets/cmcp/local-news.pdf> (pp.21-22)

a LAD only if they met both in the KCL study); and the circulation threshold for weekly papers was lowered from 40% of total circulation to 20%.

For the geographic dataset, these thresholds have been applied for each year covered in the dataset, while for the econometric dataset the thresholds are applied so that if a newspaper exceeds either threshold for at least one year, it will be included in the dataset. This approach has been adopted for the econometrics as the threshold rule non-randomly excludes newspapers observed over time from later years and will lead to attrition from the data sample if applied for each year. As this exclusion is not arbitrary (i.e. due to a missing data point for a random reason), we have relaxed how thresholds are applied to avoid attrition.

Appendix B Local press sector & democracy: econometric analysis

This section presents the methodology, data choice and the results of our econometrics analysis in detail. In this application, we will test the relationship between local election turnout (democratic participation) and explanatory factors of local newspaper circulation and reach and relevant socioeconomic factors.

Figure B.1: Explanation of econometric analysis

Econometric analysis is a statistical technique that estimates the relationships between sets of variables. An econometric regression model consists of a dependent variable (the variable of interest) and one or more explanatory (or independent) variables. The model fits a best-fit trendline, determined by the underlying spread (or distribution) of data values, and computes an equation for that trendline.

This allows the model to determine the relationship between the dependent variable and each explanatory variable, assessing the strength and direction of each relationship, and its statistical reliability. These relationships can then be used to predict the value of the dependent variable for a given set of inputs. This approach allows the model to isolate the impact of the individual explanatory factors on the dependent variable. This allows the impact of changing one particular factor to be analysed, holding all explanatory factors constant.

To undertake this analysis, we adopt two econometric approaches (set out in Appendix Sections B.1.3 and B.1.4). The remainder of this section outlines the data used in our analysis and the preliminary results.

B.1 Data and methodology

B.1.1 Data Sources

The analysis uses data from Joint Industry Currency for Regional Media Research (JICREG), local election data supplied by DCMS and from the ONS's annual population survey. The analysis focuses on the impact of local journalism on local election turnout, observed at local government authority (LGA) level, and is restricted to England.

Data on the local newspaper titles, circulation and reach and relevant demographic characteristics³⁶⁷ (namely population by age group and socioeconomic class) comes from the JICREG database. The thresholds applied by Plum to determine whether a newspaper title is local to a LAD area are outlined in Appendix Section A.2. The data is from three years (2007, 2012 and 2017)³⁶⁸ and is observed at 'newspaper per Location' level. Plum has transformed this data to an 'LGA aggregate' observation level as this is the common observation level for the local election and ONS annual population survey data. The data transformation was undertaken in two steps.

- First, 'Newspaper per Location' observations were transformed to 'Newspaper per LAD'. To undertake this, we used *postcode-Location* and *postcode-LGA* indexes to identify the most relevant LAD for each location. Where a location had more than one possible LAD, we selected the most likely LAD based on

³⁶⁷ JICREG report demographics as population by age groups and population by NSR social grade – ABC1 middle class occupations and C2DE working class occupations.

³⁶⁸ JICREG data is provided for 2019; however, this data is not included within the econometrics dataset as Plum did not have local election turnout (the dependent variable) for 2019 on.

information gathered from desk research or postcode analysis. For example, the Birmingham location matched with several LAD's; we identified that the main LAD was Birmingham City Council though some areas of Birmingham – typically suburban outskirts – sat under other LADs³⁶⁹.

- The second step was to transform 'Newspaper per LAD' observations to an 'LGA aggregate' observation level (appropriate sum or average of variables relating to newspaper circulation and reach in the LAD).

As a consequence, the 'LGA aggregate' data is a near approximation of local newspaper performance in the LAD. As the JICREG data is not provided at postcode level, there will be some portion of Locations that not captured in the appropriate overseeing LAD. It should also be noted that the LAD boundaries defined by JICREG are consistent with LAD boundary definitions as of April 2019. LAD boundaries have been revised several times between 2007 to 2019.

We use local election data provided by DCMS. This includes local election turnout for LADs in England from 2006 to 2018. The periodicity of local elections varied across LADs³⁷⁰; therefore not all LADs will have held local elections in the same years. We also note that 2005, 2010 and 2015 local elections were held on the same day as the general elections, resulting in these years having a significantly higher observed turnout³⁷¹. These issues have been considered in our construction of the turnout variables (refer to Appendix Section B.1.2) which is based on adjusted turnout. The adjusted turnout value includes postal votes and excludes spoiled ballots (i.e. it counts all valid votes). We use only council election results, thereby excluding local election turnout for mayoral and combined authorities, and other local authorities³⁷². Local government consists of at least one-tier or two-tier authorities. This distinction and the type of LAD observed in the local election and JICREG datasets are set out below.

- Two-tier authorities – responsibilities of local services are divided between 26 county councils, which are comprised of 192 district, borough or city councils³⁷³. In areas with two-tier local authorities, we identify the district, borough or city council as the LAD area to include in our dataset. This allows greater granularity in the analysis and will capture variations across large county council areas.
- One-tier (unitary) authorities – responsible for providing all services and comprise 56 unitary councils, 33 London boroughs and 36 metropolitan boroughs. These are included in our dataset.
- Combined authorities – an additional type of regional authority where two or more councils collaborate and take collective action across council borders. Combined authorities are not identified in the JICREG data and we do not include turnout for these elections in our dataset.

It should also be noted that the LAD areas are classified by the boundary definitions applicable at the time of the local election. Therefore, the LAD definitions between the JICREG and local elections will not be perfectly aligned.

We also include data from the ONS's annual population survey for 2007, 2012, 2017 and 2019. This includes relevant socioeconomic controls, such as education level and employment indicators. The data is available for all years for the district and unitary councils (using LAD definitions as of April 2019) and from 2011 onwards for metropolitan councils.

³⁶⁹ Other examples of Locations that had multiple LGAs include areas of London that sit under numerous London Boroughs and large rural Locations that are overseen by different districts.

³⁷⁰ Local elections are held either every four years with a council seats being elected or every two years with half council seat being elected.

³⁷¹ Local election turnout for 2010 and 2015 are excluded in the baseline analysis but are included within sensitivity analysis.

³⁷² There are several other local authority types that operate across England, including 9000 (elected) parish and town councils, 10 National Parks responsible for conservation and promotion of scenic areas, and local authorities specifically responsible for policing, fire and rescue services. These are omitted from our analysis.

³⁷³ <https://www.local.gov.uk/about/what-local-government>

B.1.2 Measurement

The variables included in the econometric models and their construction are set out below.

Turnout: Adjusted turnout at local elections is the dependent variable. For each LAD and each year in the JICREG newspaper data, *Turnout* captures the corresponding local election turnout if a local election was held. For LADs without local election in a given year in the JICREG data, the allocated *Turnout* value is the value for the nearest subsequent year with an election (up to three years and not after the next year of JICREG newspaper data).

Total titles: The number of newspaper titles (sum of daily and weekly newspapers) for each LAD as reported in the JICREG data. This will capture variety and choice of newspaper content. Note however that this does not indicate the publication type (tabloid or broadsheet) or periodicity (daily or weekly titles), and excludes any online local news sources (local newspapers only).

Circulation: Total circulation of daily newspapers (*Daily circulation*) and weekly newspapers (*Weekly circulation*) indicate the number of daily and weekly newspapers sold in the LAD and the values have been normalised by LAD adult population³⁷⁴. This variable is considered to be a proxy for revenue and should have a strong positive correlation with *Average issues readership* (i.e. newspaper audience reach).

Daily circulation and *Weekly circulation* do not include circulation figures for newspaper titles of which the frequency of circulation is unknown. The JICREG data only included frequency (daily or weekly) for the 2019 data. Plum has also assumed that active titles have the same frequency from 2007 to 2019. Therefore, the circulation variable may understate circulation for earlier years.

Average issue readership (AIR) by demographic characteristics: Total reach – measured by AIR – of daily newspapers and weekly newspapers are included as two separate variables and are normalised by LAD adult population. The *AIR* variables are reported as several different demographic breakdowns, summarised below.

- *Daily AIR total and Weekly AIR total:* The total reach of daily newspapers and total reach of weekly newspapers. These values will have high positive correlation with *Daily circulation* and *Weekly circulation*.
- *Daily AIR and Weekly AIR by gender:* These capture reach of daily and weekly newspapers across men and women, indicating any gender-specific difference in habits of local newspapers.
- *Daily AIR and Weekly AIR by age group:* Local newspaper reach across age groups (15-24, 25-34, 35-44, 45-54, 55-64, and 65 plus) for daily and local newspapers, indicating any differences in local newspaper reach across age groups.
- *Daily AIR and Weekly AIR by occupational grade:* Local newspaper reach across NSR social grades, identifying readers with middle class (ABC1) occupations and readers with working class (C2DE) occupations.

The *AIR* variables do not include AIR values for newspapers for which we do not know the frequency of circulation in 2019. The AIR assumptions made are consistent with the *Circulation variables*.

Population by demographic characteristics: The JICREG data provides total population for each LAD (*LGA population*) and the (nominal) population by demographic group. The population by demographic group has

³⁷⁴ The circulation and average issue readership variables were provided in the JICREG data as nominal count of all issues sold and the average number of readers per issue. Although industry-standard measure for circulation normalised by households, Plum has normalised these values by the LGA adult population so that areas and explanatory variables (turnout and labour market variables are rates or proportions based on adult populations). can be compared on a like-for-like basis. The coefficient results for these variables are easier to interpret when presented as percentage increase in issues sold or readers per population than the nominal values.

been normalised by LAD *population* to show the proportion of population within each demographic group. The population variables are used to control for demographic characteristics of the LAD that will potentially affect the *AIR* (by demographic) variables.

- *Population men, Population women*: Proportion of population of men and of women in the LAD.
- *Population by age group*: Proportion of population by age group 15-24, 25-34, 35-44, 45-54, 55-64, and 65 plus) in the LAD.
- *Population ABC1, Population C2DE*: Proportion of population belonging to middle class (ABC1) occupations and to working class (C2DE) occupations.

Labour market controls: Data from the ONS annual population survey is included to control for labour market factors that may vary across LADs and affect local election turnout.

- *Unemployment rate*: Rate of unemployment for economically active adults, age 16 to 64. This excludes adults that are not economically active, for example those not claiming benefits due to early retirement, ill health or full-time parenting.
- *Qualification level*: Proportion of LAD adult population with no qualification and those with qualifications exceeding NVQ4+ (equivalent to higher education degree and above).

B.1.3 Methodology 1: panel approach

The first econometric technique we implement, panel data regression, exploits variations over time in order to determine the relationship between the number of newspaper titles (*Total_Titles*), newspaper circulation (*Circulation*), reach (*AIR*) and the dependent variable, local democratic participation (*TURNOUT*).

A panel data (or longitudinal data) set consists of repeated measurements over time for each cross-sectional member in the data set. For example, our panel data set includes a measurement of local election turnout levels for each LAD, which is available for each year in the JICREG newspaper data. We denote by $TURNOUT_{it}$ the value of participation *TURNOUT* in LAD *i* and in year *t*. Similarly, each of the other explanatory variables is indexed by both the corresponding LAD and year. For example, we write $Total_Titles_{it}$, AIR_{it} and $Circulation_{it}$.

We consider baseline models for local democratic participation ($TURNOUT_{it}$) that include one of our three sets of explanatory variables ($Total_Titles_{it}$, $Circulation_{it}$, AIR_{it}). We implement a panel data regression for each variable. For example, we consider the baseline model

$$TURNOUT_{it} = \beta_0 + \beta_1 Total_Titles_{it} + \alpha_i + u_{it},$$

where the coefficient of interest is β_1 . This coefficient measures the average effect of $Total_Titles_{it}$, in year *t* on the dependent variable $TURNOUT_{it}$. Our two additional baseline models substitute $Circulation_{it}$ and AIR_{it} for $Total_Titles_{it}$, respectively, in the equation above. Because the AIR_{it} variables are expressed as shares of the population, the corresponding coefficient measures the average effect of a 1 percentage point increase of AIR_{it} on turnout. In our sensitivity analysis, we also consider estimation of all coefficients while accounting for additional explanatory variables (such as labour market controls).

A key component of the panel data model above is α_i , which is commonly referred to as the 'fixed effect'. It captures the unobserved specific features of LADs that do not vary over time. For estimation we use fixed-effects panel data regression, which allows for the unobserved α_i 's to be correlated with the explanatory

variables included in the model. We note that this estimation method only uses variations over time, not across LADs. As a consequence, only the effects of variables that change over time can be estimated.

The main advantage of panel data is thus that it allows for unobserved differences (heterogeneity) across LADs that are constant over time, which cannot be achieved with cross-sectional or time series data only. This is a way of incorporating the fact that measurements for each individual LAD are very unlikely to be independent over time. For example, local cultural features may persist over time and differ across LADs. Although these are not included in our data, they may be relevant for explaining local democratic participation, and are allowed in the panel data model.

B.1.4 Methodology 2: quantile regression

In order to shed additional light on the relationship between newspaper circulation, reach and local democratic participation, we also implement quantile regression methods. While the panel data methodology above exploits time variation to determine the average relationship of interest, quantile regression exploits cross-sectional variation to determine how explanatory variables affect different parts of the distribution of the dependent variable. For example, newspaper circulation may not affect LADs with high turnout, while significantly increase participation in LADs with low turnout. Quantile regression allows for the characterisation of such diverse relationships.

The name of the method refers to the specification and estimation of a model for a particular quantile of interest. A quantile is a number between 0 and 1, which refers to a specific part of a population. Recall that the quartiles divide a population into four segments with equal proportions of the reference population in each segment. The quintiles divide the population into five parts; the deciles into ten parts. ‘Quantiles’ refer to the general case. For example, the 0.5 quantile refers to the median, while the 0.1 quantile refers to the first decile. The set of all quantiles fully describes the population.

For each separate year in the JICREG data, we consider baseline models for local democratic participation ($TURNOUT_{it}$) that include one of our three sets of explanatory variables ($Total_Titles_{it}$, $Circulation_{it}$, AIR_{it}). We implement quantile regression for each variable. For example, we consider the following baseline quantile regression model:

$$TURNOUT_{it}(u) = \beta_0(u) + \beta_1(u)Total_Titles_{it},$$

where the coefficient of interest is $\beta_1(u)$. This coefficient measures the effect of $Total_Titles_{it}$ on the u^{th} quantile of $TURNOUT_{it}$ in year t . We implement a sequence of quantile regressions for each baseline model. Our two additional baseline models substitute $Circulation_{it}$ and AIR_{it} for $Total_Titles_{it}$, respectively, in the equation above. Because these variables are shares, their coefficients measure the effect of a 1 percentage point increase on the u^{th} quantile of $TURNOUT_{it}$ in year t . In our sensitivity analysis, we also consider estimation of these coefficients while accounting for additional explanatory variables (such as labour market controls).

In the quantile regression model, the coefficients $\beta_0(u)$ and $\beta_1(u)$ are indexed by u , where the index u takes values between 0 and 1 and indicates the quantile of interest. This means that for each quantile, the quantile regression method estimates a different set of coefficients, each of them capturing a potentially different effect on each part of the distribution of $TURNOUT_{it}$. This econometric technique thus provides a flexible and rich characterisation of the relationship between newspaper circulation, reach, and local democratic participation.

B.2 Results

B.2.1 Summary statistics

Table C.1 reports the summary statistics for all of the variables used in econometric analysis for each year: 2007, 2012 and 2017.

Local election turnout, *Turnout*, exhibits an overall decline from 39.4 percent average in 2007 to 35.3 percent in 2017. *Turnout* was lowest for 2012, with average turnout of 32.7 percent.

Overall, there is a trend decline in local newspaper performance from 2007 to 2017. *Total titles* reduced from 4.2 titles per LAD in 2007 to 2.6 titles per LAD in 2017. Circulation (per issue) of daily and weekly local newspapers has more than halved over the period. Total circulation of daily newspaper issues has reduced from 9.2 percent of LAD adult population to 3.8 percent. Total circulation of all weekly newspapers is higher than daily newspaper circulation³⁷⁵; however, there has been greater reduction in weekly newspapers from 45.5 percent of LAD population to 17.1 percent.

Trend decline is also observed across average issue readership (AIR). Weekly AIR is higher than daily AIR across all demographic breakdowns (by gender, age and NRS occupational grade). Daily AIR by men and women is closely comparable, but weekly AIR by women is slightly higher (2 percentage points) than weekly AIR by men. For AIR by age group, daily and weekly AIR increases with age; with over 65-year olds being reporting highest daily and weekly AIR. Statistics for daily and weekly AIR by NRS occupational grade display some divergence. Weekly newspapers are most read by ABC1 (middle class) occupations and daily newspapers are most read by C2DE (working class and state pensioners) occupations.

The labour market variables indicate that there has been a trend increase in educational attainment from 2007 to 2017. The population with NVQ4 level qualifications or above has increased from 29.3 percent to 37.4 percent. Similarly, population with no qualifications has declined from 12.1 percent to 7.5 percent. Unemployment rate is similar in 2007 and 2017 at 4.9 and 4.7 percent respectively, though it increased to 7.8 percent in 2012 and is reflective of UK economic recession over this period.

B.2.2 Results 1: panel approach

The main panel results are reported in Table C.2 to Table C.6. The panel results are reported with different specifications (different measures of local newspaper performance and additional control covariates) to identify impact of local newspapers on local election turnout³⁷⁶.

Newspaper variables

Table C.2 reports coefficients for the turnout equations for local newspaper titles, total circulation of daily newspapers and of weekly newspapers. Column (1) indicates that an additional local newspaper titles increases local election turnout by 1.27 percentage points. Increasing newspaper circulation within LAD population by 1 percentage point has a positive effect on local turnout at 1% significance level (strongly significant). Columns (2) shows that turnout increases by 0.37 percentage points in response to daily circulation. Turnout increases by 0.10 percentage points in response to weekly circulation (column (5)). Including both daily and weekly newspapers variables decreases the magnitude of the daily circulation and weekly circulation coefficients and both remain significant (column (4)). Column (5) expands the baseline model to include local newspaper titles and both daily and weekly circulation. The coefficients for daily and weekly circulation is positive with strong explanatory power (1% level); however, newspaper titles no longer have strong explanatory power (no longer

³⁷⁵ Note that daily circulation and weekly circulation is based on per issue so are not directly comparable on a 'per day' or 'per week' basis.

³⁷⁶ This excludes the regressions shown in Table 6, which only considers the impact of labour market variables – qualifications and unemployment rate – on local election turnout.

statistically significant). This may indicate that newspaper circulation – closely correlated with reach – is a stronger determinant of local election turnout than choice of local newspaper titles.

Table C.3 considers AIR for men and women, controlling for the proportion of men and women in LAD population. These results indicate that a 1 percentage point increase in daily newspaper and weekly AIR by men or by women has no significant impact on turnout. We also observe that increasing weekly AIR by men leads to a very small decrease in turnout, though this result is not significant; a 1 percentage point increase leads to a less than 0.01 percentage point decrease in turnout.

Table C.4 presents AIR by age group, controlling for the proportion of each age group in LAD population. Column (1) shows that increasing AIR of daily newspapers by 1 percentage point of population increases turnout by 0.50 percentage points for over 65 year olds (strong explanatory power at 1% significance level) and is associated with a decline in turnout of 0.64 percentage points for 25-34 year olds and increase in turnout of 0.76 percentage points for 35-44 year olds (both with weak explanatory power at 10% significance level). Column (2) indicates that increasing weekly AIR by 1 percentage point of population decreases turnout has significant explanatory values for all ages groups apart from 35-44 and over 65 year olds. An increase in daily AIR is associated with a decline in turnout for 16-24, 25-34 and 45-54 year olds (significance level varies between 1% and 5%), and increases turnout for 35-44 year olds by 0.66 percentage points and for over 65s by 0.26 percentage points (strong explanatory value at 1% significance level).

Overall, the results in Table C.4 seem to indicate that the impact of daily and weekly newspaper readership on local election turnout varies by ages group. Weekly readership has a stronger influence on turnout across all age groups than daily readership; this is perhaps caused by average weekly AIR being higher than average daily AIR as reported in Table C.1. It should be noted that these results do not fully explain variation by age group as we are unable to control for consumption of alternative news sources (for example online local-news sources and/or national newspaper readership) or variation in local election turnout across age group that will be determined by other factors.

Table C.5 reports AIR by NSR occupational class (ABC1 and C2DE), with controls for the proportion of LAD population by occupational class. Column (1) indicates that a 1 percentage point increase in AIR of daily newspapers by C2DE (working class occupations and state pensioners) readers increases turnout by 0.31 percentage points. Column (2) shows that an increase of weekly newspaper AIR by C2DE readers significantly increases turnout (approximately 0.09 percentage points, with 1% significance level) though this effect is smaller than the impact of daily newspaper AIR³⁷⁷.

Table C.6 combines newspaper circulation with AIR by age groups or by occupational class and appropriate population controls. The results in column (1) indicate that a 1 percentage point increase in daily circulation amongst the population decreases turnout by 0.47 percentage points (10% significance level) and several of coefficients for daily AIR by age group are larger than those shown in Table C.4 column (2). Weekly circulation does not have a significant effect on turnout when we include weekly AIR by age group, as shown in column (2), and circulation has no significant effect when combined with AIR by occupational class. Otherwise, the coefficient for weekly AIR by age group and daily AIR by occupation class remains largely consistent. Neither weekly circulation nor weekly AIR by occupational class have significant explanatory effect when combined in column (4). In Table C.6, newspaper circulation may no longer have such a significant impact on turnout as it is highly correlated with AIR, therefore losing some of its explanatory power.

³⁷⁷ ABC1 and C2DE population proportions are included as a control variable to capture how variation in ABC1 and C2DE population will affect variation in ABC1 and C2DE readers of daily and weekly newspapers. However, it is notable that 1 percentage point increase in ABC1 occupations in the population leads to decrease in turnout of 0.14 to 0.18 percentage points (1% significance level in columns (1) to (2)). This indicates that there may be lower propensity to vote in areas where population has more middle class (ABC1) occupations.

B.2.3 Sensitivity analyses: panel approach

This section tests the robustness of the results presented in Appendix C. These include introduction of labour market controls (only available for non-metropolitan LADs) and inclusion of general election turnout (where local elections take place on the same day as local elections) in the dataset.

Inclusion of labour market controls

Table C.7 presents turnout regression results based on labour market variables, excluding newspaper variables. Data on these variables is not available for metropolitan authorities in 2007 and therefore these areas are excluded from this analysis. Column (1) indicates that education level has a significant effect on local election turnout. A 1 percentage point increase in working (16 – 64 years) population with higher education degrees (NVQ4+) reduces turnout by 0.13 percentage points, whereas a 1 percentage point increase in working population with no qualifications increases turnout by 0.31 percentage points. Column (2) shows that a 1 percentage point increase in unemployment rate (16 – 64 years) will reduce turnout by 0.43 percentage points in non-metropolitan areas. Column (3) includes both unemployment rate and education variables, and show higher coefficient values compared to the previous columns. This suggests that all three variables should be included. Unemployment rate and education levels have significant explanatory power (1% level) for all results in columns (1) to (3), indicating that these factors have a strong influence on turnout at local elections.

In Table C.8, the newspaper variables are combined with the labour market controls. An additional newspaper titles increases turnout by 1.14 percentage points (1% significance level) if we control for unemployment only; however, the magnitude and significance notably reduces to 0.39 percentage point increase in turnout (weakly significant at 10% level) if education controls are also included (columns (1) to (3)). Only weekly newspaper circulation continues to have a significant (1% to 5% level) – though modest – effect on turnout when both unemployment and education controls are added. Columns (7) to (9) indicate that a 1 percentage point increase in weekly circulation amongst the population will increase turnout by 0.05 to 0.10 percentage points. Increasing daily newspaper circulation by 1 percentage point of population increases turnout by 0.19 percentage points when controlling for unemployment rate (5% significance level). However daily newspaper circulation does not have a significant effect if education controls are included (columns (5) and (6)).

In addition to the results discussed above, we reproduced the results for AIR by age groups and AIR by occupational class (presented in Table C.4 and Table C.5) with the labour market and previous turnout variables. We found that the AIR by age group no longer have significant explanatory power when unemployment and qualification controls are included in this model. The coefficient results with labour market controls and daily AIR by occupational class remain consistent with Table C.5. However, there was no significant impact from weekly AIR by occupation with unemployment and/or qualification controls. AIR by occupation and the qualification controls will be positively correlated, and therefore it is possible that including the labour market variables reduced the explanatory power of AIR by occupation for this reason.

Inclusion of general election turnout

The local election data provided by DCMS included three years – 2010 and 2015 – where the local election was held on the same day as general elections. Election turnout from 2010 and 2015 were excluded from the main panel dataset as general election turnout is substantially higher than the turnout from (sole) local elections.

We replicate the baseline model from Table C.2 with data that includes general election turnout. Dependent variable *Turnout* was reprogrammed to capture election turnout from 2010 and 2015 where appropriate. We also programmed an indicator (dummy) variable that indicates whether the value for *Turnout* comes from a general election year.

The results presented in Table C.9 indicate that turnout increases by 27.58 – 27.85 percentage points when the general election and local elections are held together (strong explanatory effect; 1% significance level). For the most part, the newspaper coefficients are consistent with the baseline model (Table C.2), in terms of direction and statistical significance. However, the size of the coefficients – that estimate the influence that the newspaper variables have on turnout – are roughly half the value of the coefficients in the baseline model. The reduction in explanatory value is most probably explained by these models capturing a ‘general election’ effect which increase turnout.

We also replicated the models from Table C.4 and Table C.5 with reprogrammed turnout variable and dummy indicator for general election values. Under this specification, the results for AIR by age group and by occupational class remain largely consistent although explanatory value of the AIR variables declines (smaller coefficient size and lower statistical significance). However, the results for weekly AIR by occupational class no longer had significant explanatory value for observed local election turnout.

B.2.4 Results 2: quantile regression

We implement quantile regression for each model specification in Table C.2 (local newspaper titles and circulation), Table C.4 (AIR by age group) and Table C.5 (AIR by occupational class), in order to further assess the relationship between the main explanatory variables and local election participation. In contrast to the panel data analysis, the quantile regressions are implemented for each year separately (2007, 2012, and 2017), and therefore do not include the lagged turnout variable. For each specification, we also discuss the results of a sensitivity analysis that includes labour market controls for non-metropolitan LADs, although these results are not included in the Figures for brevity.

The quantile regression results are reported in Figure C.1 to Figure C.5. The figures plot the coefficients of each quantile regression (solid line) for all quantiles between 0.05 and 0.95. The shaded area represents the confidence intervals. For a specified quantile of interest, statistical significance of a quantile regression coefficient can be determined by visual inspection, upon checking whether the value of the coefficient is in the shaded area. For comparison purposes each figure also includes ordinary least-squares estimates for average effects (dashed line). For all regressions, the significance level is set to 90%.

Figure C.1 reports coefficients for the turnout quantile regression equations for local newspaper titles, total circulation of daily newspapers and of weekly newspapers, for each year. For 2007, Figure C.1(A) shows that an additional local newspaper title increases local election turnout has a positive and decreasing impact across the distribution of turnout, though not significant for LADs with turnout above the median. An additional newspaper increases turnout by 0.50 percentage points in LADs at the first decile (0.1 quantile) of the distribution of local election turnout and by 0.27 percentage points in LADs with median turnout. In other words, we find that the number of local newspaper titles is positively and significantly correlated with local election turnout in LADs with low turnout. This translates into a mean regression coefficient being positive and significant. For 2012 and 2017, the relationship is not significant across all quantiles and on average. Figure C.1(B) shows an overall negative relationship between daily circulation of newspapers and election turnout in 2007 and 2017. In particular, we find that in 2007 a 1 percentage point increase in daily circulation decreases local election turnout by 0.14 to 0.31 percentage points up to the 0.8 quantile of turnout. In 2017, we also find a significant and negative correlation for lower quantiles of the distribution of turnout. Figure C.1(C) shows that the relationship between weekly newspaper circulation and election turnout is also negative, although significant only for some quantiles in each year. In particular, for LADs between the 0.25 and 0.6 quantiles of the turnout distribution, we find that a 1 percentage point increase in weekly circulation is associated with a significant 0.024 and 0.03 percentage points decrease in election turnout in 2007 and 2012. For non-metropolitan LADs, the signs of the coefficients for the number of titles are robust to the inclusion of the additional labour market controls considered in the panel data analysis. For daily and weekly circulation, the negative relationship is no longer significant.

Figure C.2 shows that the results for our baseline models become less statistically significant when daily and weekly newspaper circulation are included jointly in the quantile regression equations. Although the coefficients confirm the overall negative correlation between daily newspaper circulation and election turnout observed in Figure C.1, the results are only significant for quantiles in the interval 0.5-0.85 in 2007. Similarly, the negative effect of weekly circulation is only significant for 2017 and for quantiles between 0.75 and 0.9, that is, the upper part of the turnout distribution. For non-metropolitan LADs, the negative relationship is no longer significant for both daily and weekly circulation.

Figure C.3 reports the coefficients obtained by further including newspaper titles, in addition to daily and weekly newspaper circulation. The results obtained confirm those of Figure C.2 for daily and weekly newspaper circulation. In 2007, an increase in daily circulation by 1 percentage point decreases average turnout by 0.18 percentage points, the median by 0.16, the 0.75 quantile by 0.35, and the 0.9 quantile by 0.29. This negative relationship is statistically only above the median. In 2012 and 2017, overall the relationship remains negative although it is no longer significant. For weekly circulation, we also find an overall negative relationship in each year, although it is not significant. In addition, we find that the coefficient for newspaper titles is no longer significant for any year.

Figure C.4 presents quantile regression results for AIR by age group, controlling for the proportion of each age group in LAD population. As for the panel data results, the coefficients for daily AIR in Figure C.4(A) have low statistical significance. For the age group 35-44 we find a strong positive correlation in 2017. We find that an increase in AIR of daily newspapers by 1 percentage point population increases turnout by 16.29 percentage points in LADs at the bottom of the distribution of turnout (0.1 quantile) in 2017. This relationship is not significant in 2007 and 2012. For the age group 45-55, in 2017 we find a strong negative relationship for LADs at the bottom of the distribution of turnout. This relationship is also not significant in 2007 and 2012. For the age group of over 65s, we find some statistical evidence of a positive correlation with turnout in 2007 and 2017. For non-metropolitan LADs, all coefficients become insignificant once labour market controls are included.

Figure C.4(B) shows the quantile regression results for weekly AIR. We find that for the 15-24 age group increasing AIR of daily newspapers decreases turnout, with a significant reduction of 0.27 to 0.56 percentage points in LADs at the bottom of the distribution (0.1 to 0.25 quantiles) in 2007, for an increase of weekly AIR by 1 percentage point population. For non-metropolitan LADs, once labour market controls are included, this negative correlation continues to hold for the 0.9 quantile with a decrease of 0.64 percentage points. For the 25-34 age group in 2007, we find a decrease of at least 0.31 percentage points in 2007 for LADs with median turnout and above, with up to 0.59 for the 0.9 quantile. For non-metropolitan LADs, the statistical significance disappears when labour market controls are included in the regressions. In 2012, we find a decrease for the upper part of distribution of turnout (above the 0.8 quantile). In particular, we find a decrease of 1.82 percentage points for the 0.9 quantile, and of 1.87 once labour market controls are included for non-metropolitan LADs. In 2017, we find a stronger negative correlation, with a decrease of up to 5.53 percentage points below the median. For non-metropolitan LADs this effect becomes insignificant once labour market controls are included. For the age group 35-44, we find an increase of 1.44 and 2.27 percentage points for the 0.75 and 0.9 quantiles of turnout, respectively, in 2012. For non-metropolitan LADs, this effect reduces to 1.87 but remains significant for the 0.9 quantile once labour market controls are included. For over 65s, we find a positive correlation for the median (0.79) and above (1.53 for 0.75 quantile), but this effect is again no longer significant for non-metropolitan LADs once controls are included, although it remains positive. Overall, this supports the conclusion of the panel data analysis: the relationship varies across age groups. We also find that the relationship between AIR and turnout is likely to vary across the distribution of turnout.

Figures C.5 reports the quantile regression results for AIR by NSR occupational class (ABC1 and C2DE), with controls for the proportion of LAD population by occupational class. Figure C.5(A) shows an overall positive relationship between AIR of daily newspapers by ABC1 readers and turnout, although only weakly significant. We only find that increasing AIR of daily newspapers by ABC1 readers significantly increases the 0.25 quantile of turnout by 1.18 percentage points in 2017. For non-metropolitan LADs, this relationship is no longer statistically

significant once labour market controls are included. For C2DE readers, a 1 percentage point increase in AIR of daily newspapers decreases turnout across its distribution in each year, although the relationship is significant only for 2017. We find a reduction of 1.19 percentage points for the 0.25 quantile, 0.84 for the median and 1.06 for the 0.75 quantile. For non-metropolitan LADs, once labour market controls are included, the relationship remains negative for 2007 and 2017 but is not significant.

Figure C.5(B) reports the quantile regression results for weekly AIR by NSR occupational class (ABC1 and C2DE). We find that a 1 percentage point increase in AIR of daily newspapers by ABC1 readers increases the 0.1 quantile of turnout by 0.07 percentage points in 2007. The value of the coefficients then decreases across quantiles but remains positive and significant until the 0.6 quantile. For all years, including labour market variables drastically reduces statistical significance of the relationship for non-metropolitan LADs. In 2007 however the positive relationship remains significant around the median turnout. For C2DE readers, Figure C.5(B) shows that in 2007 a 1 percentage point increase in AIR of daily newspapers decreases turnout across most of its distribution by approximately 0.1 percentage points. The relationship remains negative for the central part of the distribution of turnout in 2012 and 2017. Once labour market controls are included, the relationship also remains negative but is now significant for the central part of the turnout distribution for non-metropolitan LADs in 2007 and 2012.

Overall the results for the baseline models differ substantially from the corresponding panel data results. In particular, whereas for daily and weekly circulation the panel regression coefficients are positive, quantile regression suggests that they are negatively related to turnout across its distribution. Because the same negative relationship is found for mean effects, this suggests that by exploiting time variation in order to allow for LAD fixed effects (unobserved time-invariant factors) the panel data approach is able correct for substantial bias arising from potential endogeneity of our main explanatory variables.

B.2.5 Limitations of the analyses

There are limitations and caveats that need to be acknowledged when interpreting the econometric analysis below. Several of these are common to the limitations of the geographic analysis – set out in Section 3.1– and relate to the provided JICREG data. These are summarised below.

- Information on newspaper frequency (daily or weekly) is provided for 2019 only. To allow differentiation in daily and weekly titles, we have assumed publication frequency is constant across the time period. Best efforts have been undertaken to identify publication frequency for local newspapers not captured in the 2019 data due to an event such as title merger or closure. Newspapers where we have been unable to identify and reconcile frequency have been excluded from the dataset. As a consequence, the values for newspaper variables may be understated in for the years prior to 2019.
- The analysis does not control for distribution type (paid, free or mixed distribution) due to a lack of information in years prior to 2019. Distribution type is a significant factor affecting circulation and readership.
- The JICREG data does not include hyper-local news publishers and the thresholds applied to help determine localness of a title to a LAD area may further exclude small local newspapers.

In addition to this, the analysis does not control for alternate sources of local news consumption (such as online sources or local radio) as this is not captured within the data. These can be considered as a substitute to local newspapers and will be an important factor in determining local democratic participation (and the impact attributed to local newspapers alone).

The econometrics analysis presents several limitations. First, for quantile regression considering each year separately substantially reduces the size of the sample and hence the precision of the analysis. This is especially

important for the sensitivity analysis that includes labour market controls since only non-metropolitan LADs are then included, further reducing the sample size. A second important limitation of the quantile regression approach arises from the potential correlation between the main explanatory variables and factors not included in the analysis but that are relevant for turnout. The panel data approach is able to circumvent some of these limitations, by allowing for unobserved time-invariant factors. Remaining endogeneity might arise from unobserved time-varying factors that affect turnout and are correlated with daily circulation, for instance. On the other hand, the panel data approach implemented only identifies the average relationship between the variables of interest and turnout. Finally, we note that the sensitivity analyses for both panel and quantile regression approaches are susceptible to be affected by the restriction to only non-metropolitan LADs when including labour market controls, potentially distorting the estimated impact of newspaper variables on turnout.

These limitations suggest that useful additional econometrics work could be done in the future by (1) including additional controls different sources of local news consumption, (2) including labour market controls for all LADs, (3) further investigating the robustness of the panel approach, and (4) implementing some of the methods recently introduced for quantile regression with panel data.

Appendix C Econometrics of results

Table C.1: Summary statistics

	2007		2012		2017	
	Mean	SD	Mean	SD	Mean	SD
Turnout (dependent variable)	39.33196	3.905591	32.65442	4.775069	35.28768	4.525157
Total titles	4.199475	1.987355	3.278215	1.659509	2.643045	1.639523
Daily circulation	9.185992	6.634275	6.472298	4.861688	3.84322	4.009106
Weekly circulation	45.53697	25.07444	28.35906	18.63531	17.07833	14.90533
Daily AIR, men	12.13722	7.942778	8.998738	5.598235	5.400273	3.95145
Daily AIR, women	12.38657	8.356839	8.725075	5.537652	5.052972	3.826771
Weekly AIR, men	40.64907	19.56188	26.87203	14.86545	15.16469	9.418328
Weekly AIR, women	45.0036	21.73084	29.27221	16.24563	17.19575	10.86756
Daily AIR, 15-24 years	3.182984	2.595227	2.334239	1.799179	.7965455	.6480275
Daily AIR, 25-34 years	3.336145	2.615087	2.430096	2.075466	.9166193	.8729126
Daily AIR, 35-44 years	4.069889	2.843212	2.522446	1.76702	1.065623	.8933473
Daily AIR, 45-54 years	3.990224	2.70775	3.107769	1.945372	1.657781	1.288873
Daily AIR, 55-64 years	4.026791	2.645933	2.855058	1.834239	1.872079	1.402476
Daily AIR, 65+ years	5.917708	3.91352	4.473617	2.874544	4.144303	3.003495
Weekly AIR, 15-24 years	10.64055	5.277722	6.560979	3.669571	2.484331	1.506816
Weekly AIR, 25-34 years	12.10641	6.452921	7.441652	4.457662	3.42065	2.138845
Weekly AIR, 35-44 years	16.26497	8.084716	8.987426	5.169145	4.134992	2.726044
Weekly AIR, 45-54 years	14.52586	7.148372	10.47663	5.861207	5.749353	3.666355
Weekly AIR, 55-64 years	13.73936	6.986356	9.101892	5.295011	5.636888	3.633068
Weekly AIR, 65+ years	18.37573	9.619558	13.57559	8.22365	10.93414	7.314004
Daily AIR, ABC1 occupations	11.37104	7.415626	8.635995	5.340536	4.968075	3.622903
Daily AIR, C2DE occupations	13.15294	9.658442	9.087675	6.36642	5.485152	4.34217
Weekly AIR, ABC1 occupations	46.48503	23.79921	31.20631	17.90408	17.27974	11.33668
Weekly AIR, C2DE occupations	39.16772	20.41685	24.93791	14.69021	15.08063	9.654959
Population, men	39.77502	9.838019	41.26002	9.347368	42.26151	9.410823
Population, women	42.06986	10.19078	43.25003	9.618824	44.1749	9.549645
Population, 15-24 years	12.62024	4.226174	12.60001	4.191877	11.95109	3.933731
Population, 25-34-24 years	12.02531	5.032821	12.8173	5.260267	13.33459	5.03751
Population, 35-44 years	15.01556	3.920954	13.52796	3.566747	12.82922	3.750766
Population, 45-54 years	13.2162	3.1866	14.62387	3.257722	14.93609	3.318135

	2007		2012		2017	
	Mean	SD	Mean	SD	Mean	SD
Population, 55-64 years	12.32703	3.331667	12.24133	3.045324	12.82182	2.997732
Population, 65+ years	16.64055	5.046952	18.69959	5.665795	20.56361	6.176131
Population, ABC1 occupations	45.3045	12.57482	47.12475	12.53164	47.7755	12.87877
Population, CDE occupations	36.54038	11.75424	37.3853	11.3756	38.66091	11.57268
Unemployment rate	4.915476	2.108746	7.767347	3.07798	4.700339	1.92955
NVQ4+ qualifications	29.34945	8.924461	33.61472	9.947437	37.38139	10.89675
No qualifications	12.08577	4.17261	9.36573	3.722048	7.547989	3.578212
N	381		381		381	

Notes: *SD* is standard deviation

Table C.2: Panel analysis – local newspaper variables

	(1)	(2)	(3)	(4)	(5)
Total titles	1.269***				0.263
	(9.01)				(0.91)
Daily circulation		0.371***		0.243***	0.230***
		(5.76)		(2.80)	(2.61)
Weekly circulation			0.101***	0.0939***	0.0846***
			(11.04)	(5.37)	(4.17)
_cons	32.11***	33.76***	33.33***	32.30***	31.63***
	(66.73)	(74.40)	(105.04)	(57.40)	(33.88)
N	698	376	627	317	317

Note: *t* statistics in parentheses. Statistical significance: * 10% level, ** 5% level, and *** 1% level.

Table C.3: Panel analysis – AIR by gender

	(1)	(2)
Daily AIR, men	0.0173	
	(0.07)	
Daily AIR, women	0.246	
	(1.03)	
Weekly AIR, men		-0.00497
		(-0.04)
Weekly AIR, women		0.106
		(0.92)
Population, men	-1.105***	-0.614**

	(1)	(2)
	(-2.88)	(-2.25)
Population, women	0.878**	0.544**
	(2.42)	(2.09)
_cons	41.68***	35.15***
	(15.03)	(19.62)
N	376	627

Note: *t* statistics in parentheses. Statistical significance: * 10% level, ** 5% level, and *** 1% level.

Table C.4: Panel analysis – AIR by age group

	(1)	(2)
Daily AIR, 15-24 years	-0.275	
	(-0.77)	
Daily AIR, 25-34 years	-0.644*	
	(-1.84)	
Daily AIR, 35-44 years	0.759*	
	(1.89)	
Daily AIR, 45-54 years	-0.601	
	(-1.51)	
Daily AIR, 55-64 years	-0.0199	
	(-0.05)	
Daily AIR, 65+ years	0.501**	
	(2.27)	
Weekly AIR, 15-24 years		-0.213*
		(-1.72)
Weekly AIR, 25-34 years		-0.375***
		(-3.02)
Weekly AIR, 35-44 years		0.655***
		(4.44)
Weekly AIR, 45-54 years		-0.355**
		(-2.32)
Weekly AIR, 55-64 years		-0.213
		(-1.23)
Weekly AIR, 65+ years		0.262***
		(3.14)
Population, 15-24 years	0.117	0.175

	(1)	(2)
	(0.41)	(0.93)
Population, 25-34 years	-0.694***	-0.431***
	(-3.10)	(-2.81)
Population, 35-44 years	0.870***	0.940***
	(3.35)	(5.19)
Population, 45-54 years	-1.505***	-1.429***
	(-4.24)	(-4.98)
Population, 55-64 years	0.929**	0.660**
	(2.42)	(2.25)
Population, 65+ years	0.181	0.210
	(1.01)	(1.33)
_cons	37.14***	34.47***
	(16.67)	(23.50)
N	376	627

Note: *t* statistics in parentheses. Statistical significance: * 10% level, ** 5% level, and *** 1% level.

Table C.5: Panel analysis – AIR by occupational class

	(1)	(2)
Daily AIR, ABC1 occupations	-0.0639	
	(-0.55)	
Daily AIR, C2DE occupations	0.312***	
	(3.61)	
Weekly AIR, ABC1 occupations		0.0218
		(0.89)
Weekly AIR, C2DE occupations		0.0892***
		(3.09)
Population, ABC1 occupations	-0.182***	-0.140***
	(-2.94)	(-3.28)
Population, CDE occupations	0.0283	0.145**
	(0.38)	(2.53)
_cons	40.99***	34.75***
	(14.76)	(19.51)
N	376	627

Note: *t* statistics in parentheses. Statistical significance: * 10% level, ** 5% level, and *** 1% level.

Table C.6: Panel analysis – local newspaper with AIR by age group and AIR by occupational class.

	(1)	(2)	(3)	(4)
Daily circulation	-0.470***		-0.205	
	(-2.67)		(-1.04)	
Weekly circulation		0.0188		0.0709*
		(0.53)		(1.68)
Daily AIR, 15-24 years	-0.172			
	(-0.48)			
Daily AIR, 25-34 years	-0.588*			
	(-1.70)			
Daily AIR, 35-44 years	1.000**			
	(2.46)			
Daily AIR, 45-54 years	-0.532			
	(-1.36)			
Daily AIR, 55-64 years	0.319			
	(0.71)			
Daily AIR, 65+ years	0.885***			
	(3.40)			
Weekly AIR, 15-24 years		-0.212*		
		(-1.71)		
Weekly AIR, 25-34 years		-0.382***		
		(-3.06)		
Weekly AIR, 35-44 years		0.635***		
		(4.18)		
Weekly AIR, 45-54 years		-0.363**		
		(-2.35)		
Weekly AIR, 55-64 years		-0.221		
		(-1.27)		
Weekly AIR, 65+ years		0.245***		
		(2.73)		
Daily AIR, ABC1 occupations			0.0233	
			(0.16)	

	(1)	(2)	(3)	(4)
Daily AIR, C2DE occupations			0.393***	
			(3.38)	
Weekly AIR, ABC1 occupations				-0.0156
				(-0.47)
Weekly AIR, C2DE occupations				0.0478
				(1.26)
Population, 15-24 years	0.143	0.166		
	(0.50)	(0.88)		
Population, 25-34 years	-0.709***	-0.425***		
	(-3.22)	(-2.75)		
Population, 35-44 years	0.912***	0.940***		
	(3.56)	(5.19)		
Population, 45-54 years	-1.430***	-1.420***		
	(-4.08)	(-4.93)		
Population, 55-64 years	0.743*	0.661**		
	(1.93)	(2.25)		
Population, 65+ years	0.226	0.200		
	(1.27)	(1.25)		
Population, ABC1 occupations			-0.182***	-0.159***
			(-2.94)	(-3.61)
Population, C2DE occupations			0.0332	0.162***
			(0.45)	(2.79)
_cons	36.01***	34.60***	40.64***	35.06***
	(16.10)	(23.25)	(14.53)	(19.63)
N	376	627	376	627

Note: *t* statistics in parentheses. Statistical significance: * 10% level, ** 5% level, and *** 1% level.

Table C.7: Panel analysis – unemployment and education level (no local newspaper variables)

	(1)	(2)	(3)
NVQ4+ qualifications	-0.131***		-0.190***
	(-3.09)		(-4.12)
No qualifications	0.306***		0.339***
	(4.41)		(4.79)
Unemployment rate		-0.427***	-0.589***
		(-4.81)	(-7.57)
_cons	37.54***	38.30***	42.36***
	(19.89)	(70.82)	(20.61)
N	578	505	501

Note: *t* statistics in parentheses. Statistical significance: * 10% level, ** 5% level, and *** 1% level.

Table C.8: Panel analysis – local newspaper variables with unemployment and education level

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Total titles	1.139***	0.426**	0.385*						
	(6.56)	(2.39)	(1.96)						
Daily circulation				0.192**	0.00285	0.0134			
				(2.26)	(0.03)	(0.15)			
Weekly circulation							0.101***	0.0450***	0.0460***
							(8.18)	(3.32)	(3.00)
Unemployment rate	-0.517***		-0.595***	-0.488***		-0.580***	-0.579***		-0.611***
	(-6.24)		(-7.69)	(-3.98)		(-5.36)	(-6.58)		(-7.40)
NVQ4+ qualifications		-0.100**	-0.164***		-0.102	-0.201***		-0.0885**	-0.148***
		(-2.28)	(-3.44)		(-1.46)	(-2.70)		(-1.98)	(-2.94)
No qualifications		0.249***	0.287***		0.342***	0.308***		0.212***	0.256***
		(3.41)	(3.82)		(3.29)	(2.99)		(2.83)	(3.31)
_cons	35.07***	35.64***	40.75***	37.32***	35.29***	41.71***	36.27***	35.84***	40.61***
	(50.07)	(17.53)	(18.52)	(46.98)	(12.25)	(13.65)	(62.25)	(18.12)	(18.32)
N	505	578	501	261	297	259	449	519	445

Note: *t* statistics in parentheses. Statistical significance: * 10% level, ** 5% level, and *** 1% level.

Table C.9: Panel analysis – local newspaper variables on general election data

	(1)	(2)	(3)	(4)	(5)
Total titles	0.758***				-0.102
	(6.20)				(-0.46)
Daily circulation		0.171***		0.0640	0.0694
		(3.08)		(0.92)	(0.98)
Weekly circulation			0.0604***	0.0800***	0.0837***
			(7.70)	(5.70)	(5.16)
Turnout in general election year (indicator dummy)	27.58***	27.83***	27.63***	27.85***	27.85***
	(94.74)	(67.91)	(94.24)	(71.38)	(71.21)
_cons	33.75***	34.84***	34.57***	33.58***	33.84***
	(80.42)	(94.31)	(125.32)	(74.78)	(46.77)
N	874	452	790	384	384

Note: *t* statistics in parentheses. Statistical significance: * 10% level, ** 5% level, and *** 1% level.

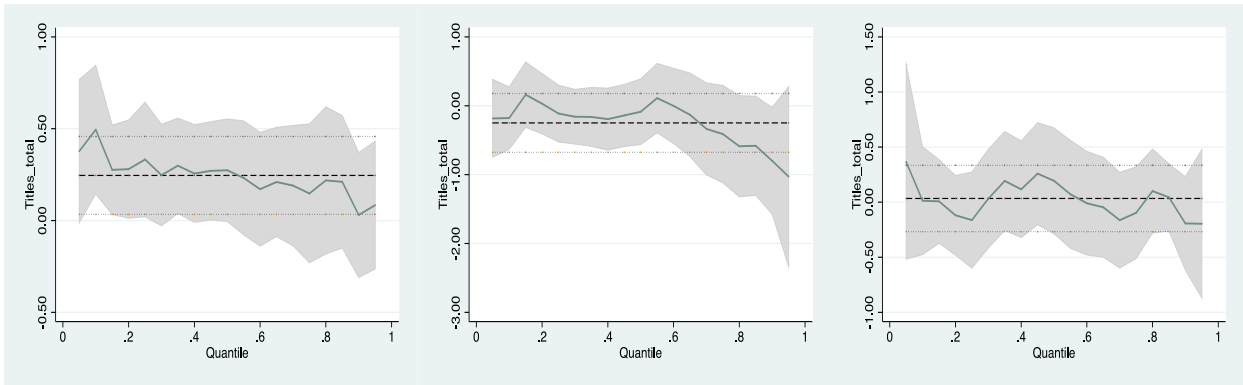
Figure C.1: Quantile regression coefficients (solid lines) for baseline models. Mean regression coefficients are also included (dashed lines)

(A) Number of newspapers.

(i) 2007

(ii) 2012

(iii) 2017

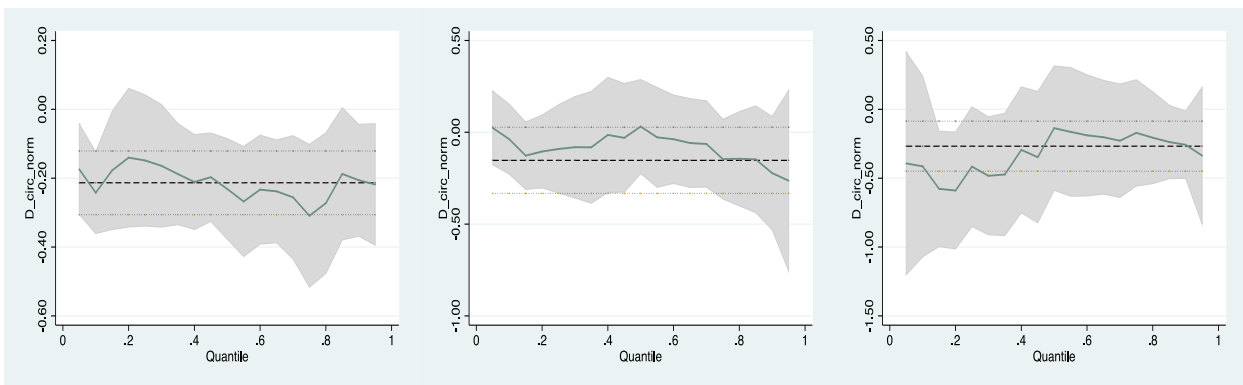


(B) Daily circulation.

(i) 2007

(ii) 2012

(iii) 2017



(C) Weekly circulation.

(i) 2007

(ii) 2012

(iii) 2017

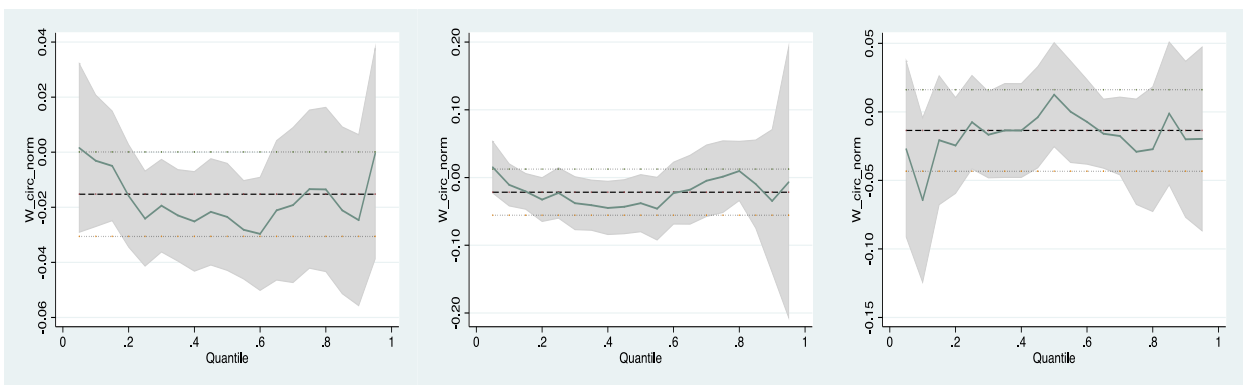
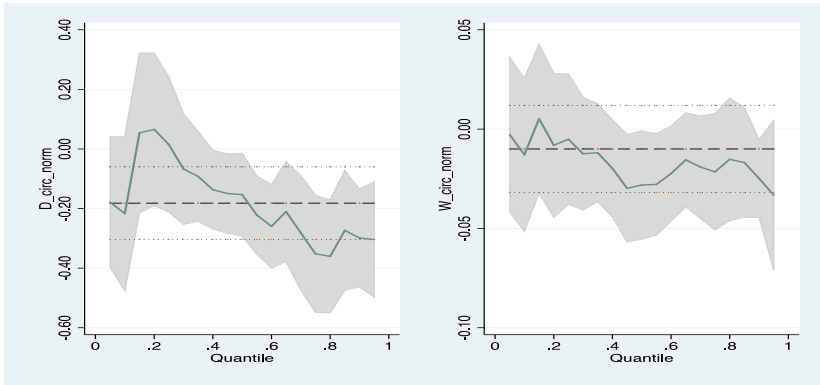
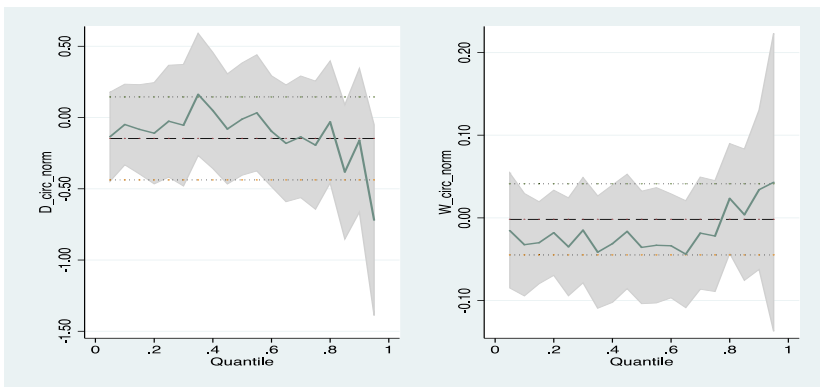


Figure C.2: Quantile regression coefficients (solid lines) for daily (left) and weekly (right) circulation. Mean regression coefficients are also included (dashed lines)

(i) 2007



(ii) 2012



(iii) 2017

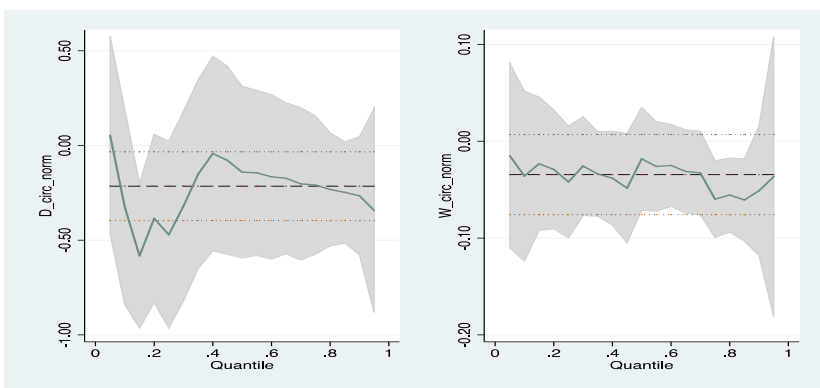


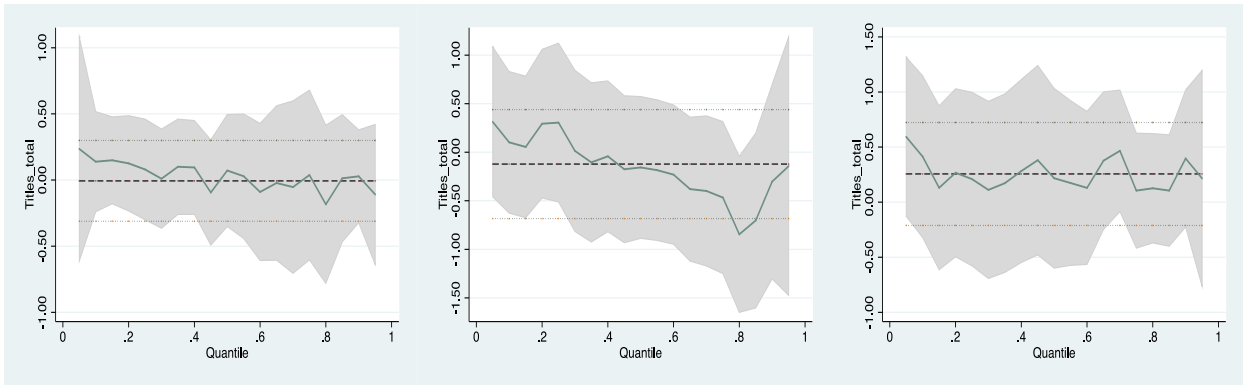
Figure C.3: Quantile regression coefficients (solid lines) for number of newspapers, daily and weekly circulation. Mean regression coefficients are also included (dashed lines)

(A) Number of newspapers.

(i) 2007

(ii) 2012

(iii) 2017

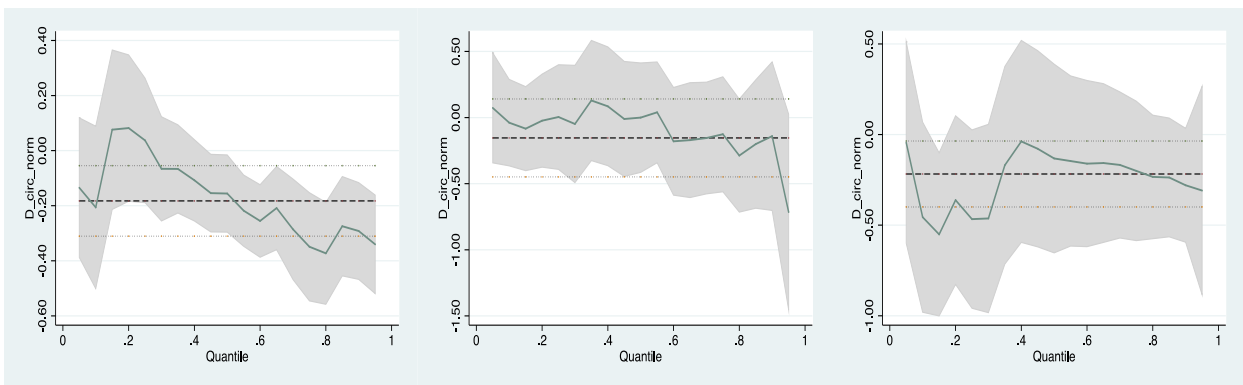


(B) Daily circulation.

(i) 2007

(ii) 2012

(iii) 2017



(C) Weekly circulation.

(i) 2007

(ii) 2012

(iii) 2017

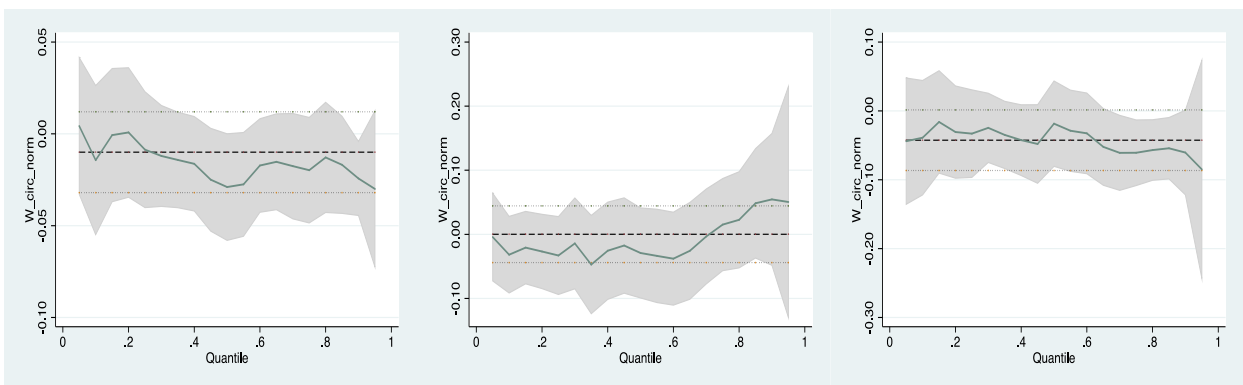
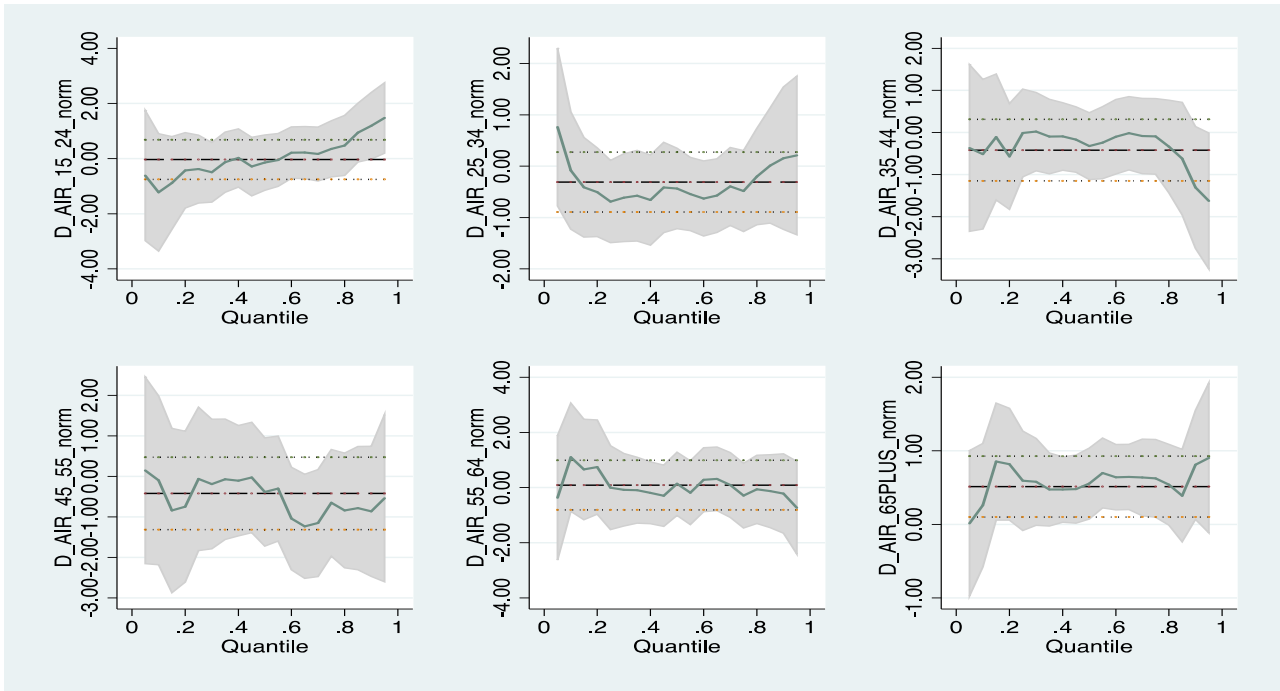


Figure C.4: Quantile regression coefficients (solid lines) for AIR by age. Mean regression coefficients are also included (dashed lines)

(A) Daily AIR.

(i) 2007



(ii) 2012

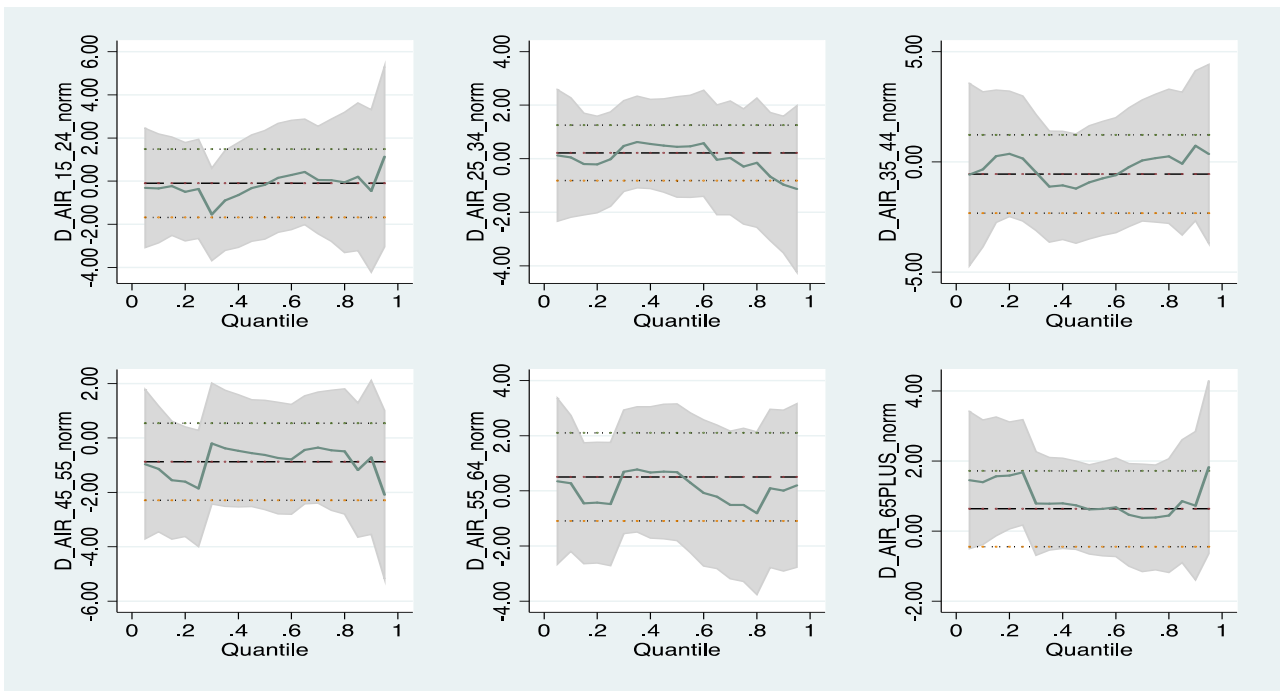
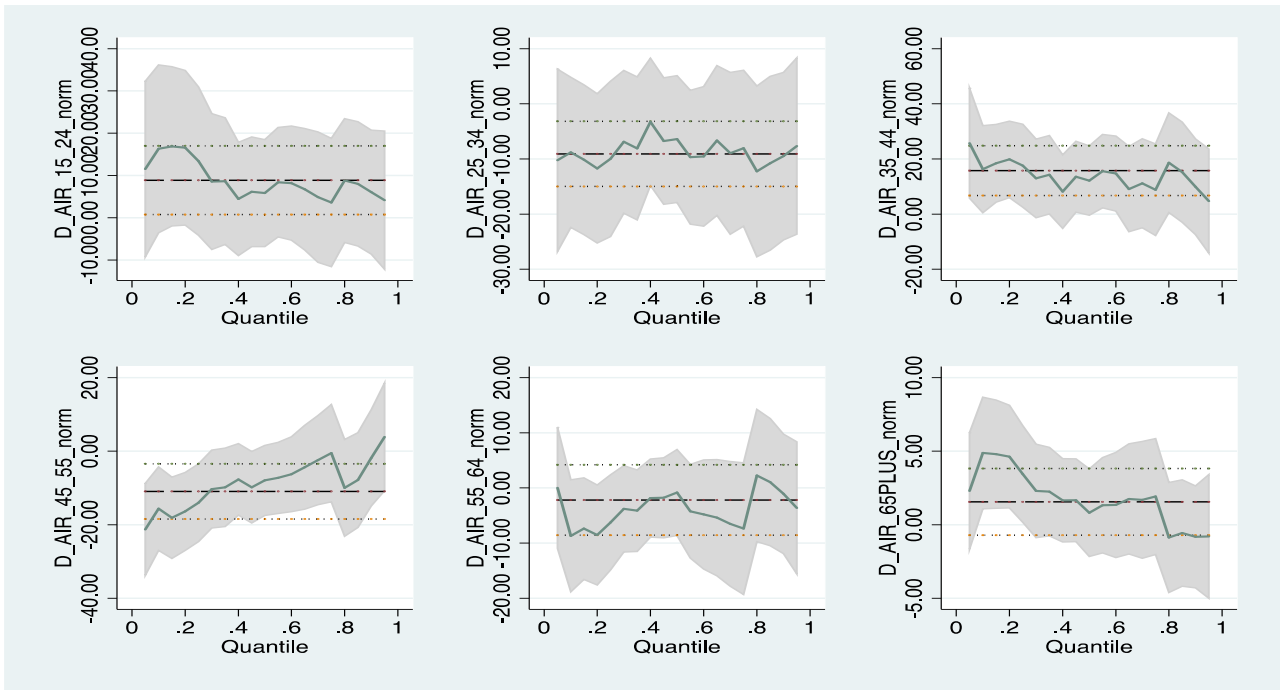


Figure C.4 (continued): Quantile regression coefficients for AIR by age.

(iii) 2017



(B) Weekly AIR.

(i) 2007

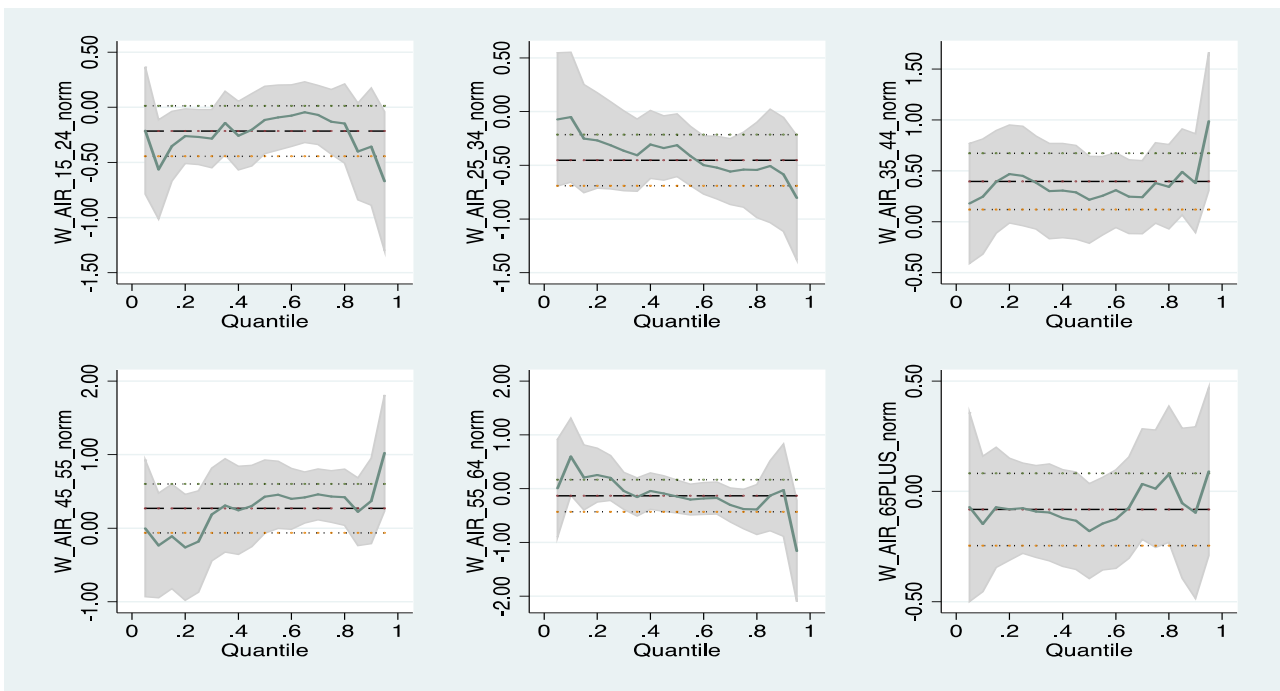
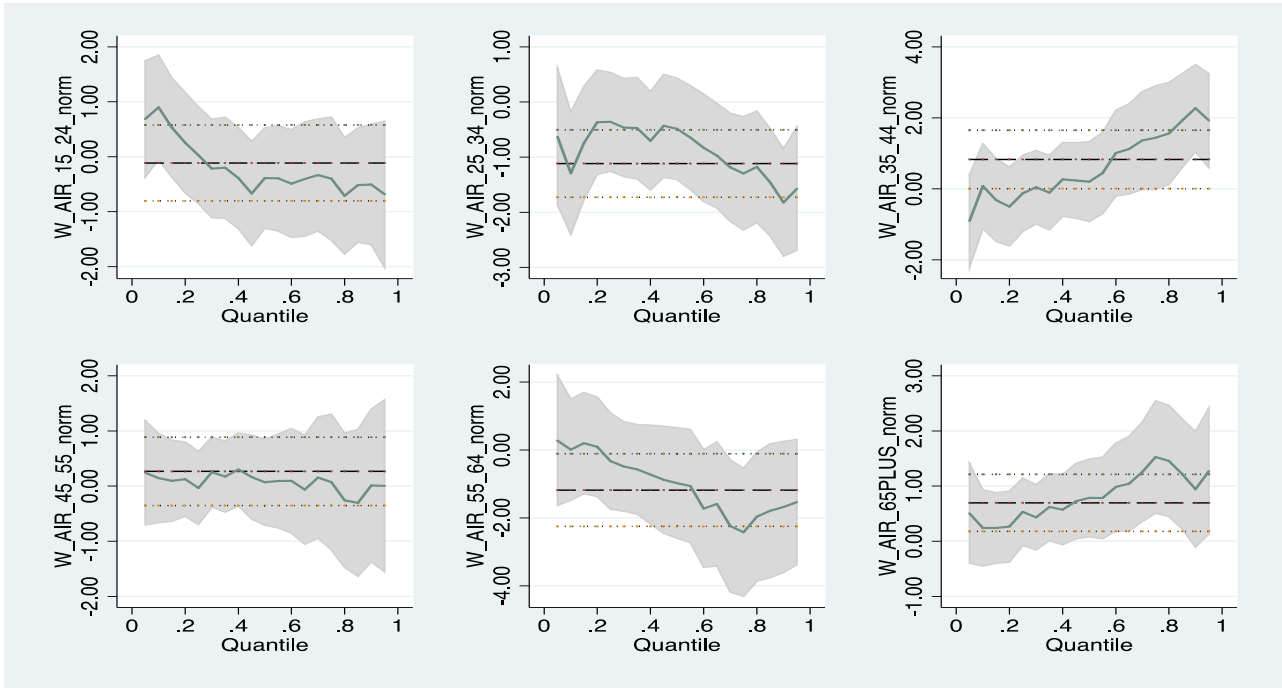


Figure C.4 (continued): Quantile regression coefficients for AIR by age.

(ii) 2012



(iii) 2017

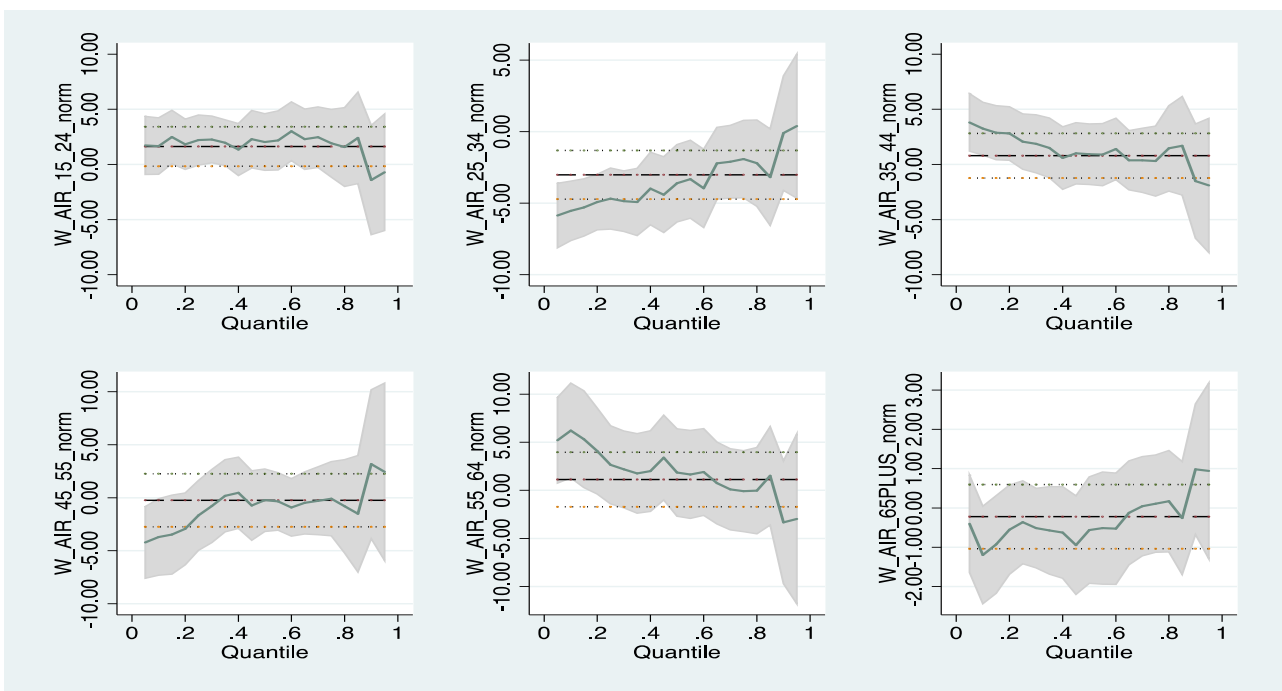
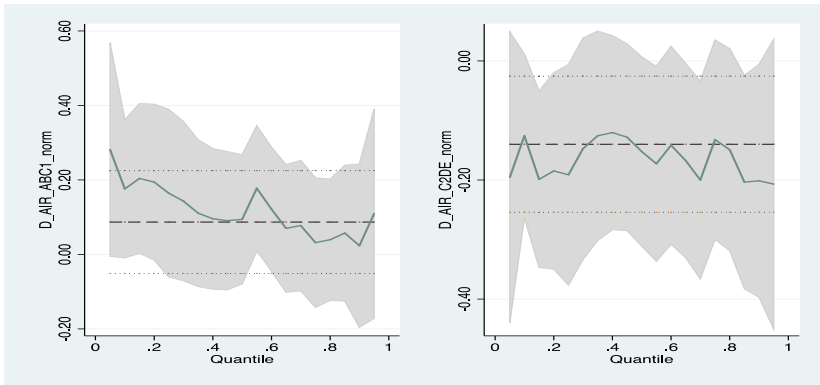


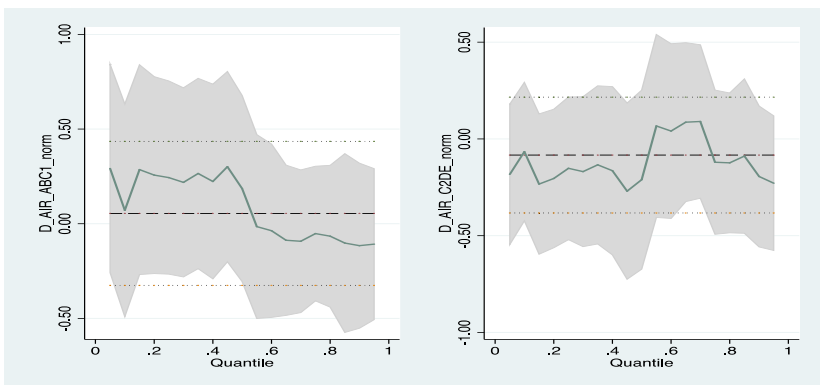
Figure C.5: Quantile regression coefficients (solid lines) for AIR by occupational class ABC1 (left) and C2DE (right). Mean regression coefficients are also included (dashed lines)

(A) Daily AIR.

(i) 2007



(ii) 2012



(iii) 2017

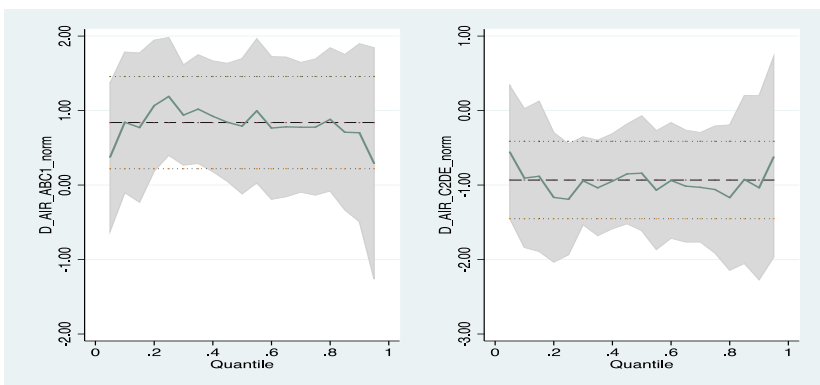
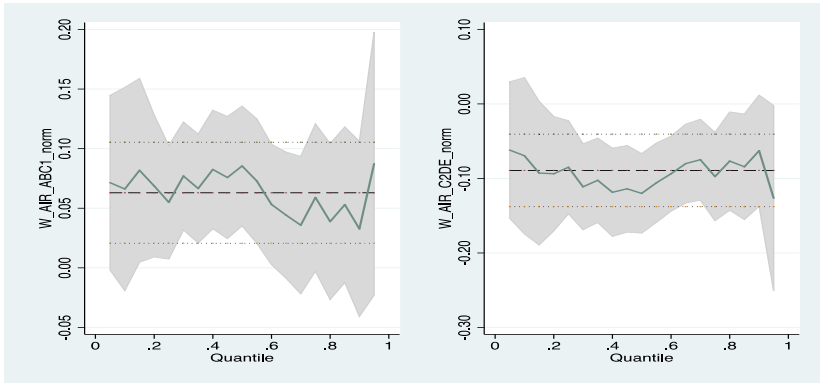


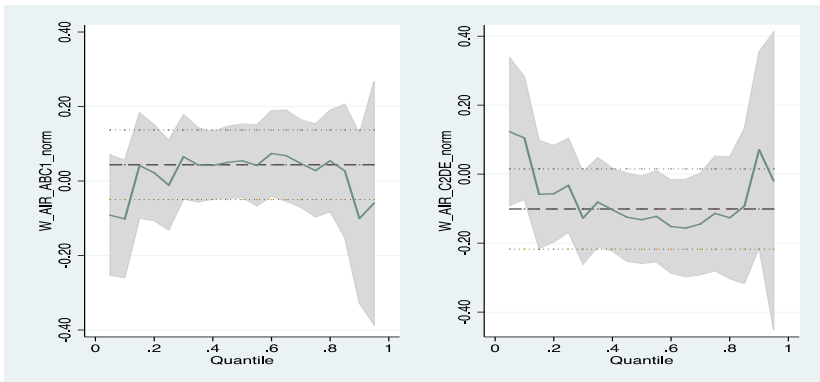
Figure C.5 (continued): Quantile regression coefficients for AIR by occupational class.

(B) Weekly AIR.

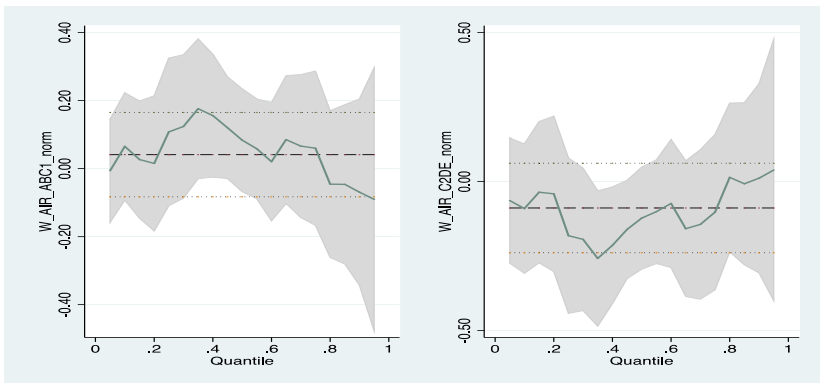
(i) 2007



(ii) 2012



(iii) 2017



Appendix D Additional geographic analysis

Table D.1: Average circulation by all daily or all weekly issues for all newspapers within LADs

Newspaper variable*	2007	2012	2017	2019
Average total daily circulation for all titles in LAD (total copies)	13,615.08 (45 – 90,439)	10,731.98 (48 – 62,140)	7,386.8 (552 – 35,686)	5,430.65 (634 – 29,750)
Total daily circulation for all titles in LAD (circulation amongst households)	17.84 (1.17 – 97.91)	13.35 (1.51 – 71.24)	9.07 (0.97 – 59.96)	6.44 (0.72 – 48.89)
Total weekly circulation for all titles in LAD (total copies sold)	54,777.6 (470 – 265,592)	35,062.78 (384 – 209,449)	21,280.48 (152 – 195,155)	16,497.23 (101 – 166,937)
Total weekly circulation for all titles in LAD (circulation amongst households)	88.07 (2.7 – 243.69)	55.06 (0.9 – 192.28)	33.35 (1.08 – 182.51)	25.58 (0.68 – 141.95)

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