REGIONAL NEWS MEDIA

State of play

Centre
for Media
Transition

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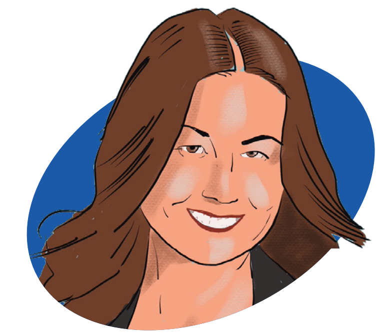
FOREWORD



Why REGIONAL NEWS *matters*

What place does local news have in an increasingly global news context? A healthy, vibrant democracy relies on an informed and engaged population. That requires life-impacting news to reach the maximum amount of people frequently. In order for that to be possible, we need access to the news that impacts us globally, nationally and also, vitally, locally.

Effective media is a two-way street, taking the challenges and stories of a community and playing it back as news that can be used to make informed decisions about the way we want to live our lives. The more local the media, the more directly relevant it can be to your life and lifestyle.

I started my career in local newspapers at a time in our media's history when local news organisations regularly fed stories to metropolitan news outlets. We not only got a thrill when stories we broke in our local papers featured prominently in the metros, we also got to place much-needed national attention on an important local issue and that meant that politicians and higher authorities were more likely to do something about it.

There is a long history of trusting local media far more than the big city centralised news corporations. It appears not much has changed, with Facebook informing us that consumers trust news from people they know more than what they read, watch or hear from metropolitan, national or global media sources. If they trust you, they are more likely to trust you with their story.

You only need to consider 2013 Gold Walkley winner and *Newcastle Herald* journalist Joanne McCarthy's reporting on child sex abuse in the Catholic Church, which led to a state inquiry and royal commission, to understand the importance of local quality journalism. *The Newcastle Herald* team of McCarthy, editor Chad Watson and reporters Ian Kirkwood and Jason Gordon also won the Walkley award for coverage of community and regional affairs for the 'Shine the Light' series on child sex abuse. The stories of that region resonated around the world and started the ball rolling on a process that would eventually change lives and save lives. Most importantly, through McCarthy's work the voices of local members of the community were heard by their own community and ultimately the entire nation. There are small news teams doing important work in small and large regional towns across the nation every day.

The media has always been an effective conduit between governments and their constituents, customers and the businesses that would seek to reach them, essential services and those who require their communication. The increasing pockets of the country, particularly many regional areas, that are no longer serviced by local media should be a concern to everyone.

The Centre for Media Transition's regional news project started in late November 2017 and since then, the state of regional news media has become a more pressing issue.

In order to find a solution to a problem, you must first seek to understand what it is you are solving for. Our regional media project aims to give context to the challenges facing local and regional media in a digitally disrupted media environment, and the impact that is having on those who generate the news as well as those who rely on it.

Marina Go
Chair, Advisory Board
Centre for Media Transition, UTS

INTRODUCTION

DESERTed?

The evaporation of regional media and its consequences

The Centre for Media Transition's regional news project started in late November 2017 as a collaboration between industry and academics.

Since then, concern about the state of regional news media has become more pronounced. As this report shows, several entities are now actively engaged in both monitoring and seeking to support the health of journalism outside of Australia's capital cities.

The CMT's project is aimed at understanding the impact of digital disruption on the news media ecosystem in regional Australia — for news media practitioners, consumers and other stakeholders.

We fear that, as in the United States, news deserts may be opening up in Australia, resulting in the diminution — if not disappearance — of public service or public interest journalism.

There are signs these fears are well-founded. Recent research by the Australian Competition and Consumer Commission (ACCC), published as part of its digital platforms inquiry, found newspaper closures over the past decade has left 21 local government areas without a single paper or news site. Of these, 16 were in regional areas.

The same report indicates a drop off of reporting on local courts and councils. To fix such problems, the ACCC recommends setting up a $50 million a year fund. Recent regional bureau closures by the WIN television network in NSW and Queensland indicate such funds may well be needed.

This report draws on a range of research, mostly done on behalf of the CMT or commissioned by it, to flesh out the current state of play. Though the picture is not overly promising, we have been mindful not to label it a crisis.

We don't seek to diminish the problems, but would prefer to better understand them. Hanrahan famously said, "we'll be 'rooned before the year is out". That may be so in some situations, but it most probably will not be across the board.

One potentially positive note is the purchase in 2019 of Nine's 170 regional and rural titles by a group led by former reporter and publishing executive, Antony Catalano.

It is too early to say if all the titles in Australian Community Media will survive the new ownership, but Catalano has reportedly told staff that his aim is to "make us the biggest and best regional group in the country".

Regional news media has always been exposed to the vagaries of direct and indirect economic activity, population drift to larger centres and with the cost/supply challenges in transport and infrastructure associated with remoteness and modest market size. By and large, it has proved resilient — well, resistant, to the full onslaught of news deserts.

The question is, has Australia reached a tipping point? The CMT's report seeks to answer that question in multiple ways and by asking multiple groups. Drawing conclusions will at times be left to the eye of the beholder. For instance, it may appear dire that only one in ten regional news consumers appear willing to subscribe to online local news.

But that 10 per cent — possibly as high as 14 per cent, in one survey prepared for this report — may well be the founding blocks of a successful digital business or a mixed model based on subscriptions, advertising and donations.

Given the 'embedded' nature of local news media, community-based media is well-placed to know and service its readers and advertisers. But, as researchers have found, there is a paradox at play: country audiences may have closer relations to the news and, as a result, expect the news to be always there and largely 'free'.

The project has drawn on the knowledge and experience of multiple news media providers, both metro and country-based. We thank them all

The CMT wishes to better understand this dynamic. We have been investigating the attitudes of consumers to the news provided, how they consume news, why and when they do so and their views to paying (or paying more) for it.

One early conclusion is that there is a need for ongoing consumer research and to better understand where, how and by whom regional news is made. That level of mapping is not part of this report; rather this report is, hopefully, a starting point for that exercise.

The CMT's regional project has so far drawn on multiple formal and informal discussions, academic work and a regional news summit in Adelaide in March 2019, co-hosted by the Google News Initiative and the CMT.

It includes independent data collection by private firm CoreData, a special regional analysis of the Digital News Report (DNR), an extract of work for the Public Interest Journalism Initiative (PIJI) and a review of relevant academic literature.

As a result, it is comprised of separate chapters, each with their own distinct topic, outputs and methods.

The project has drawn on the knowledge and experience of multiple news media providers, both metro and country-based. We thank them all.

In particular, we wish to acknowledge the University of Canberra's DNR team, headed by Dr Caroline Fisher, Dr Margaret Simons from Monash University and Gary Dickson. They contributed, respectively, the regional news analysis of the digital news report and the chapter on how local news is changing, which includes a survey of local government media managers.

Peter Fray, September 2019

10 POINTS TO NOTE

We wish to highlight ten points from the report that provide key indicators of the state of play in regional news media. We see them as useful points of guidance for future work and the current debate about how best to assist regional news consumers and publishers.

1 Traditional news media is still the most used news source but social media is very much part of the mix. Two thirds of regional news consumers gain news from social media at least once a week, two in five at least once a day. TV remains the most common source of news in regional areas. *See chapter 5.*

2 Regional news consumers are less likely to access news once a day than consumers in major cities. There are fewer regional news consumers with a high interest in news compared to those in the cities. *See chapter 5.*

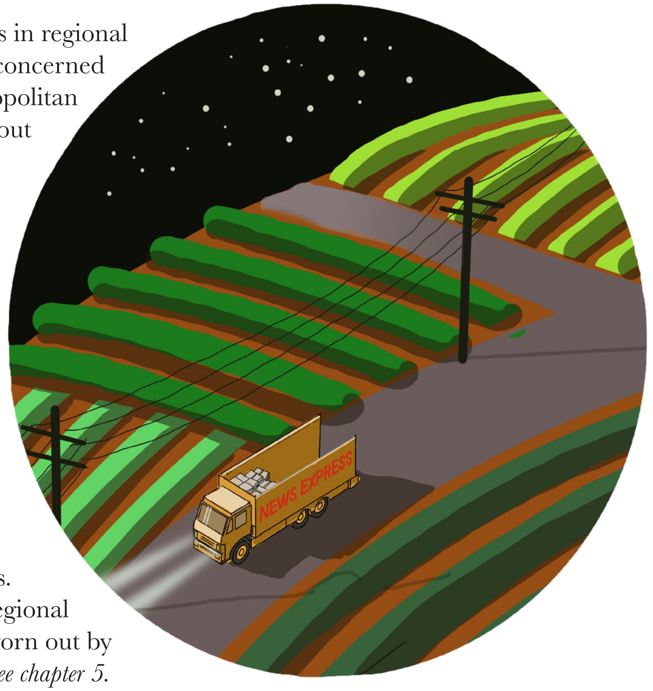
3 Facebook broadens audience reach but is cited as the main competitor for regional newspapers. In order, the competitors were Facebook (48%), rival local newspapers (40%) and local TV (36%). Google was rated a competitor by 12 per cent of the editors and publishers surveyed. *See chapter 2.*

4 Two in five regional consumers said they bought a printed newspaper at least once a week and almost one in five had a subscription to a digital news service. *See chapter 1.*

5 A relatively small number of people — up to 14 per cent of those surveyed — indicated a willingness to pay for a premium news service. Local news, sport and reporting on social events are most valued. *See chapter 1.*

6 Print advertising is expected to continue to be the main source of revenue. Only one in five (20%) editors/publishers expect digital advertising and only 8.0% expect digital subscriptions to be their news organisation's main source of revenue in five years' time. *See chapter 2.*

7 Regional Australians are switching from desktop computers to smartphones to access news at a faster rate than their metropolitan counterparts. Since 2016, the number of regional news consumers accessing news on the phone has grown from 26 per cent to 44 per cent. At the same time, usage of the personal computer has dropped from 55 per cent to 36 per cent. *See chapter 5.*



8 News consumers in regional areas are more concerned than their metropolitan counterparts about what is real or fake on the internet, are more likely to avoid news, and are more likely to feel worn out by the amount of news. About two-thirds of regional news consumers are worried about mis- or dis-information. The same proportion of news consumers in regional areas try to avoid news. Almost one-third of regional news consumers are worn out by the volume of news. *See chapter 5.*

9 Concerns about the decline in local news are being expressed by local council media managers. A survey has found that 45 per cent of media managers had detected a drop off in the amount of local news in regional and rural areas. *See chapter 4.*

10 Several key issues transcend national boundaries. Research from overseas shows a loss of civic life and political oversight as regional news disappears. New players and partnerships are emerging. But for many news providers, the scale needed to operate in an online space remains a stumbling block. *See chapter 3.*

CHAPTER 1

The CHALLENGE *from consumers*

More than three decades ago the doyen of American communications, scholar James Carey, suggested "the public" was a "god-term" in journalism (Rosen, 1997, p. 191). It was, he wrote, the "be-all and end-all, the term without which the enterprise fails to make sense".

Carey's insight was meant as something of a warning to journalism: remember, your audience is the reason you exist; you serve the public. Fast forward and the sentiments are less academic, more economic. Understanding audience is now a central tenet of the news media's survival.

Over the past two decades, and in particular the past five to ten years, the consumer has become all-powerful as the consumer, distributor and the payer for news.

This chapter seeks to describe some of the boundaries in the relationship between news providers and consumers. It aims to set the scene for the rest of the report by asking: what do news consumers think about the news and what are they willing to pay for it?

This chapter, then, seeks to weave key issues affecting regional news media around the results of the opinion survey conducted by private company CoreData. Its analysis is based on complete valid responses received from 266 respondents residing in regional and rural areas.

All respondents had a gross annual personal income of $40,000 or more. The sample is representative of the broader Australian population residing in regional and rural areas in terms of age, gender, wealth segment and state/territory, with an approximate margin of error of +/- 3.6 per cent.

The research was conducted between 7 December 2017 and 15 January 2018 via an online quantitative survey of approximately 20 questions hosted by CoreData.

The actual digital news habits of regional consumers are explored in greater depth in chapter 5 by the University of Canberra's Digital News Report team (DNR).

THE END OF SCARCITY

The implosion of the business model that underpinned journalism for the past century continues to create havoc in the news media industry, in city and country alike.

No longer tied to a masthead, channel or station, audiences are unshackled in the digital world, gaining their news and views from wherever they choose and more often than not from family and friends via social media.

For media operators, there was once a premium for owning the scarce resource of, say, a commercial printing press or a broadcast licence.

This scarcity ensured viability as it gave the operators a level of exclusivity over advertising revenue. That is now gone, replaced by the abundance of low-cost digital media and the no-cost (to users) of the social platforms that deliver the news and much more.

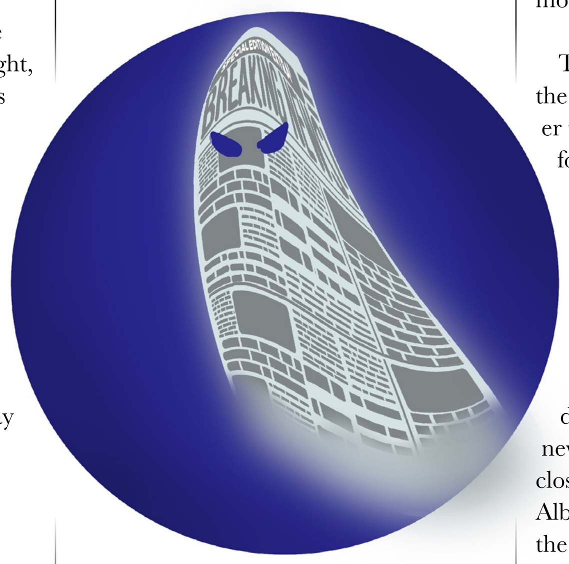
As the CoreData survey shows, almost two in five regional news consumers say they gain local news from social media at least once a day. For more than two thirds, it's at least once a week. Even if the primary source of that news is legacy media, the greatest financial beneficiary is the digital platform.

The goose that laid golden or silver eggs for publishers, editors and licence holders is not so healthy. If she is upright, which she still is in most part, she faces greater competition from other birds.

The traditional news media is no longer the sole source of news. It can no longer claim to advertisers that it alone delivers audience eyeballs. It can no longer tell those same audiences that it is the only place to buy and sell goods and services. It can no longer claim to be the singular pathway to news, views and useful information.

This is a profound shift, most often aired out in the now-familiar litany of media job losses, masthead and program closures, revenue decline and resource cutbacks.

There is no point sugar-coating it. The Australian Communications and Media Authority's (ACMA's) 2017 report into regional content found that there has been a 20 per cent decline in regional print newspaper sales between 2014 and 2016 and a 10 per cent decline in regional TV revenues since 2011 (ACMA, 2017, p. 9). Newsroom numbers have been cut, services curtailed and, in an effort to cut costs, products dropped and services aggregated.



More recent work, by the Australian Competition and Consumer Commission (ACCC), suggests an even more dire picture. It found that between 2008-09 and 2017-18 there was a 15 per cent drop in the number of unique local and regional newspapers, representing the closure of 106 newspapers (ACCC, 2019, p. 321). None of the closed publications continued to provide coverage as purely online services. They are effectively gone.

The ACCC found there were 21 local government areas (LGAs) left without any coverage by a single newspaper by the end of the period surveyed. Of these 21 LGAs, 16 were in regional Australia (ACCC, 2019, p. 322).

The work by the ACCC is an important contribution to our understanding of what is going on across regional news media. It underscores the need for deeper examination and ongoing monitoring to 'red-flag' areas of greatest and most immediate concern – and to highlight where potential remedies are most needed.

This is why the CMT wishes to map the news media ecosystem: to discover the sources of news media content for regional Australians and identify emerging gaps in the market. There may well be many areas of promise. Things might still be crook in Tallarook, yet buoyant in Bathurst.

Even if that is the case, the truth is that these are difficult, challenging days. In June 2019, the regional TV news provider WIN announced it was closing its newsrooms in Orange, Dubbo, Albury and Wagga Wagga in NSW and the Wide Bay area in Queensland (Duke, 2019). This was on top of moves by the company in 2018 to close its Tasmanian news bulletins and its Toowoomba newsroom.

The most recent closures affected 40 jobs. WIN cited cost pressures, changing consumption habits and increased competition from "digital content providers" (King, Ferguson and Thackray, 2019) as the reasons for the closures. The Media Entertainment and Arts Alliance, the industry's union, noted that affected communities would feel the loss of the journalists, "asking the hard questions, telling the community's stories ... that

The traditional news media can no longer claim to be the singular pathway to news, views and useful information makes our democracy poorer" (King, Ferguson and Thackray, 2019).

Even the Australian Broadcasting Corporation, supported by taxpayer funding, appears to be in the grip of constant review and re-organisation in an effort to master the impact and potential of technological change.

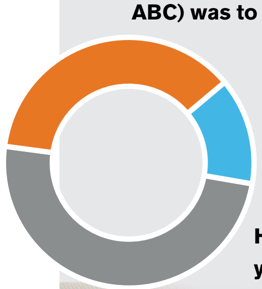
Our concerns with business models, one of the CMT's three "pillars", is not a cack-handed way of saying that journalists need to join the sales team or trade-in their independence. Journalists play specific roles; selling advertising is not one of them.

But precisely what journalism is for is an entirely pertinent query.

The implications of the end of scarcity are playing out in news media on a daily basis and will do so for many years yet. The fundamental shift in how journalism is supported and paid for will see to that.

There is no secret formula to halt the disruption. No click of the fingers will revive the previous business model. Instead, there are some useful questions.

Table 1 If the only way to receive news about you town/region (apart from the ABC) was to pay for it, would you?



37% Not sure

14% Yes

49% No

How much would you be willing to pay each month?

$20

Table 2 If the only way to receive news about you town/region (apart from the ABC) was to pay for it, would you? (By age and by gender)

	<29	30-39	40-49	50-59	60+	Female	Male	Overall
Yes	5%	12.4%	13.9%	13.5%	24.6%	10.8%	16.1%	13.8%
No	45%	55.1%	47.8%	46.9%	51.3%	45.1%	52.6%	49.4%
Not sure	50%	32.4%	38.3%	39.6%	24.1%	44%	31.3%	36.8%

How much would you be willing to pay to receive news about your town/region per month?

	<29	30-39	40-49	50-59	60+	Female	Male	Overall
Average	$10	$15	$27	$24	$15	$14	$23	$20

Is journalism a service? If so, what is that service? What journalism services will audiences be prepared to pay for? And how does journalism prove and reprove its value?

PAY FOR NEWS?

Regional audiences appear disinclined to subscribe to the services of journalism. Of those surveyed by CoreData, about 14 per cent said yes, 37 per cent were not sure – and the rest, a little under half of those surveyed, said no. The willingness to pay appears at odds with news usage: almost half of those surveyed by the CMT consumed local news on a daily basis, a similar number on a weekly. See table 1.

Of the groups surveyed, older Australians appear most willing to pay for news. This is perhaps unsurprising: they haven't grown up in a time when the news was abundant and free.

But it is quite possible they have a deeper relationship with the local news than other groups — and more time to engage with it.

These results prompt key questions: what is news worth? How can the news media industry "add" value to news? What would encourage consumers to pay? See table 3.

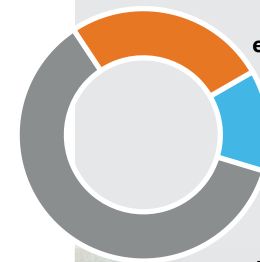
However, the situation is perhaps not quite as bad — or as surprising — as it first seems. Two in five regional consumers said they bought a printed newspaper at least once a week and about one in five said they had a daily subscription to a digital news service. More research is needed to determine what services and how much they pay. When asked if they would pay for premium news services, such as popular columnists and access to events, more than 60 per cent remained steadfast in their opposition. That, of course, leaves about 40 per cent to work on. See table 3.

When given a list of what these improved services might be, opposition to paying at all eased a little, falling to around 43 per cent of those surveyed. See table 4.

This is just one survey. But it points to some further areas of fruitful debate and exploration. There is another way of looking at it: are such numbers so low, so negative? As mentioned earlier, this survey indicates that up to 14 per cent of regional news consumers are willing to pay for news.

We do have to be careful here not to read too much into one — or two — surveys, and news is not, say, a video streaming service like Netflix which, according to the *Digital News Report 2019*, 34 per cent of Australians say they are willing to pay for. Nonetheless, 14 per cent of the population is not an insignificant number. The questions are: how much are they willing to pay, for what and how can news media publishers best meet their expectations? There is much to be done. But here are a few pointers.

Table 3 Would you be willing to pay a small subscription fee for news services in exchange for some premium services, such as increased access to popular columnists and events, in addition to the basic news service?



26% Not sure

13% Yes

61% No

How much would you be willing to pay each month?

$11

Firstly, audiences are not uniform. The idea that audiences act en masse – and could be captured for advertisers of the same product – underpinned the old business model. It may have been a fib, a benign lie that enabled journalists to do what they did. Until the full force of digital disruption hit the news media industry, it had surprising stamina.

But there are multiple audiences; there always have been. The key challenges in the digital age are, (a), get to know them, (b), work out specifically how to service them – and (c), consider what is the best avenue to assist them to pay.

Secondly, precisely what are we talking about when we talk about news? News is everywhere, it is a commodity: it is 'free' from the ABC, it is 'free' on social media and it is 'free' on local TV and radio; it's in the ether, why pay for it? Discovering what news – or services – have actual value requires further detailed study. Understanding what audiences want via data analytics offers much promise in this regard.

The CMT survey indicates that there are types and styles of news with potential. Roughly a third of those asked were inclined to pay for more "relevant news coverage", "better quality reporting" or "more local news coverage". See table 4.

Along these lines, there are potentially successful models in our own and other countries worth exploring. Among them are hyperlocal, soft paywall sites such as the *Franklin Reporter and Advocate* in Somerset, New Jersey, and on a bigger scale the recent crowdfunding successes of *The Guardian* and *Crinkling News* in the local market.

The Guardian's Wide Brown Land campaign, for instance, raised in early 2018 $150,000 from readers to support an extended series of environmental reporting (Wallbank, 2018). *Crinkling News*, a children's newspaper dedicated to pre- and early-teen kids, raised $200,000 in mid-2017 to keep it going (Malone, 2018). (Despite this success, the newspaper closed in early 2018.)

Could such fundraising techniques work in the regions? There is no doubt that *The Guardian*, for instance, has much more drawing power than a regional daily newspaper. Its environmentally-concerned audience is a good place to start for a crowdfunding campaign on green issues. But that said, this is primarily a matter of scale and subject.

The deeper question is: does the success of crowdfunding campaigns in news media indicate that consumers are willing to change the nature of their relationship with journalism? Is there a fundamental shift happening here?

These questions would benefit from further exploration.

But it is worth noting that the recent Senate inquiry into public interest journalism recommended two potentially far-reaching ideas: making subscriptions to news media a tax deduction, and allowing not-for-profit media to gain the tax benefits of charitable

Table 4 Which of the following would need to improve in order for you to be willing to pay for it or pay more for it? (By age group and gender)

	<29	30-39	40-49	50-59	60+	Female	Male	Overall
The relevance of news coverage	25%	40.5%	41.3%	34.8%	32.2%	35.8%	36.5%	36.2%
Better quality of reporting	15%	40.5%	39.1%	38.7%	33.2%	33.1%	36.9%	35.3%
Amount of local news coverage	29.9%	31%	38%	30.1%	25.8%	27.1%	35.4%	31.8%
Coverage of specific information	24.9%	14%	24.8%	13.5%	12.5%	14.6%	20.6%	18%
Timeliness of specific coverage	15%	18.4%	23.1%	14%	15.9%	21.2%	15.3%	17.8%
I just wouldn't pay for it	50%	42.7%	41.1%	41.1%	46.2%	44.4%	42.5%	43.4%
Other	–	2.4%	2.4%	4.9%	4%	1.2%	4.2%	2.9%

status (Senate Select Committee on the Future of Public Interest Journalism, 2017, p. ix).

While both ideas have merit, the former idea would surely be close to the ultimate test of whether consumers actually value news.

CLOSER TO THE AUDIENCE

Regional news media operators are being compelled to innovate, take risks and be more relevant to the community at the same time as having to cut costs, aggregate services and generate new income streams to make up for revenue shortfalls.

Increasingly, they are boxed in: a 30 per cent staff cut in a newsroom of three people immediately changes what can and can't be covered. Forget the courts? Don't do every council meeting? Do audiences notice when they are given less and either charged the same or more? Of course.

Yet regional and local community media have many advantages not always enjoyed by their city counterparts. As scholarly studies show, regional media fulfils functions beyond the simple provision of information: it is often a focal point for community connection, cohesion and education.

Furthermore, regional or rural newsrooms are more likely than their city counterparts to produce local news, be close to the audience, support advocacy and community togetherness over disunity.

As Australian scholar Folker Hanusch argues, country journalists have long laid claim to being a "different breed altogether" (Hanusch, 2014, p. 829) and elements of this description still ring true as they continue to be embedded in the community they report on.

What can be more trusted than a local media organisation providing its audiences with a rich stream of relevant and engaging content?

These observations and elements are not startling. Being 'embedded' is a more evocative way of saying that local reporters, editors and producers live and work in the communities they report on and this may indeed affect how and what they report. Being inclined to advocate for local causes is, again, not a remarkable concept.

New or not, these are powerful ingredients.

Even allowing for the fact that audiences are increasingly fractured and overall less inclined to trust journalists, is there an opportunity to use the combination of proximity, relevance and advocacy to build a more sustainable model?

We see much hope in the nature of the relationship between audiences and journalists in the regions.

A couple of years ago, the World Press Trends report described customer loyalty as the new key performance indicator. The report, published by the World Association of Newspapers and News Publishers (known as WAN-IFRA) states, "There is now an increasing understanding in the news publishing industry that in order to grow your digital subscriber base, you need to focus on the passions of your readers, building loyalty through your journalism" (WAN-IFRA, 2017, p. 34). The report goes on:

"There is a shift in the news publishing industry away from [audience] reach as a KPI – a model where the revenue per user is limited to what an increasingly challenging advertising market can yield. The emerging metrics are all about building a loyal community of readers who will provide not only direct subscription revenue but also generate more advertising revenue per user – as they spend more time on trusted news sites" (WAN-IFRA, 2017, p. 35).

What can be more trusted than a local media organisation providing its audiences with a rich stream of relevant and engaging content? The challenge, then, is how to reap this "loyalty bonus" – within the economic, societal and demographic constraints common across regional Australia.

Later in this report we seek to draw lessons from the experience overseas. Here it is worth noting the report by the Tow Center for Digital Journalism at Columbia University into the state of small circulation newspapers (below 50,000) in the US (Radcliffe and Ali, 2017). Three of its key findings stand out for the current debate in Australia:

Small-market newspapers are experimenting with multiple means for generating revenue, including paywalls, increasing the cost of print subscriptions, the creation of spin-off media service companies, sponsored content, membership programs and live events.

The report says:
"Financial survival is dependent on

income diversification. The evolution of local advertising markets and, in particular, the consumer retail experience makes it increasingly important that local newspapers continue to explore opportunities to broaden their revenue and income base" (Radcliffe and Ali, 2017, p. 4).

The second point is to forget the notion that there is a "cookie-cutter model for success in local journalism" (Radcliffe and Ali, 2017, p. 4) as the report states:

"Each outlet needs to define the right financial and content mix for itself. This may seem obvious, but … some editors whose papers are part of larger groups were critical of corporate attempts to create templates – and standardise approaches – that remove opportunities for local flexibility" (Radcliffe and Ali, 2017, p. 5).

Finally, the Tow Center suggests, there are reasons to be optimistic. Local newspapers, sites and stations can and do provide "exclusive content". They are closer to their audiences than, say, their city counterparts. Being close may equate with being resilient.

We are naturally wary of thinking that what happens elsewhere can apply to Australia. That is why we strongly support further work on the local market on several fronts. But there is little doubt that many of the challenges brought forth by digital disruption are universal, at least in pluralistic democracies.

It is certainly true that the final key finding of the Tow Center's study rings across the Pacific: The newspaper industry needs to change the "doom and gloom" narrative that surrounds it.

As the study's authors, Christopher Ali and Damian Radcliffe, write in the executive summary, "it is incumbent that the sector begins to change its own narrative" (Radcliffe and Ali, 2017, p. 5).

Outlets need to be honest with their audiences about the challenges they face, but they can also do more to highlight their unique successes, continued community impact, and important news value.

Do audiences notice when they are given less and either charged the same or more? Of course

REFERENCE LIST

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CHAPTER 2

INSIGHTS

from regional editors and publishers

INTRODUCTION

This chapter provides an insight into the issues and challenges faced by senior editors and publishers of regional news sites, both print and digital. It is neither a national barometer nor a comprehensive survey. It is a snapshot. Its usefulness rests in the depth of the questions and replies: it is rare for regional editors and publishers to be asked for so many details about their business, how they service their audience, how/where they make money — and what they see in the future. We discuss some take-outs in the conclusion of this chapter and across the report.

It is fair to say this survey ends on a note of pessimism in relation to the outlook on revenues: over 70 per cent of those surveyed expected it to either decrease or stay the same. Such sentiments are, perhaps, understandable given the general state of the news media industry. These are challenging times. But who is to say, with any surety, the other 30 per cent are wrong and revenues aren't on the up? Or, though falling, the revenue drop may be more modest and less prolonged than expected? As we discuss later in this report, regional news media is highly valued by its customers and as, this opinion survey indicates, local news leaders see their business as community-focused small to medium enterprises (SMEs). They are, in short, of and largely for, the community. One of the challenges ahead is how best to turn that appreciation and positioning into sustainable businesses.

METHODOLOGY

The research was carried out by CoreData and took a mixed methods approach. It comprised two parts: an online survey with regional news editors and publishers in South Australia and Victoria; and follow-up interviews. There were 25 valid complete responses to the online survey: 10 from South Australia; and 15 from Victoria. CoreData then conducted three qualitative one-on-one follow-up phone interviews: two in South Australia and one in Victoria. Though this is a small sample size, it accounts for a significant proportion of editors/publishers in South Australia and Victoria. As such, we have chosen to use percentages to convey the results.

SUMMARY

- **Modest in size, ambitious in reach.** More than half of respondents said their news organisation serviced regions with a population of 100,000 people or more. More than three in four employed fewer than 20 people.

- **Print advertising dominates revenue.** Four out of five of those surveyed cited print advertising as their primary source of revenue. Cover price and digital subscriptions were next.

- **Print plus digital the preferred delivery.** The vast majority (84 per cent) said they used print and digital to deliver news. Only one in six had deployed a digital-only approach.

- **Facebook: an opportunity and a threat.** Facebook increased audience reach but was also considered the main revenue competitor for regional newspapers. Top three competitors: Facebook (48 per cent), rival local newspapers (40 per cent) and local TV (36 per cent).

- **Print to remain revenue mainstay.** Only one in five (20 per cent) expected digital advertising to be their main source of revenue in five years' time. Only 8 per cent cited digital subscriptions.

- **But they are not expecting growth in advertising revenue.** Close to one in three (32 per cent) expected advertising revenue to fall over the next five years. Two in five (40 per cent) said it would stay about the same. Less than three in 10 (28 per cent) predicted an increase.

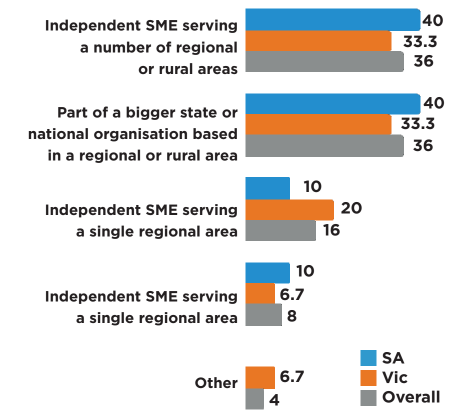
- **Staffing cited as biggest constraint.** An insufficient number of reporters was considered the most important constraint on news coverage. The second: a lack of production staff.

ABOUT THE BUSINESS

The publishers and editors were asked to describe their business, its scale, reach and history.

Table 1 Gender	SA	Vic	Overall
Female	20%	33.3%	28%
Male	80%	66.7%	72%
Age (banded)	**SA**	**Vic**	**Overall**
29 years and below	10%	–	4%
30-39 years old	10%	6.7%	8%
40-49 years old	50%	60%	56%
50-59 years old	20%	26.7%	24%
60 years and older	10%	6.7%	8%
Age (Generation band)	**SA**	**Vic**	**Overall**
Generation Y & Z <38 years old	20%	6.7%	12%
Generation X (39-53 yo)	70%	66.7%	68%
Baby Boomers (53-73 yo)	10%	26.7%	20%
Pre-Boomers (74 years and older)	–	–	–

Which of the following best describes your news organisation? (%) (Fig 1)



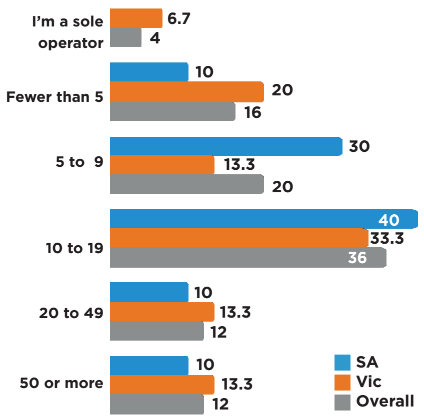
Three in five respondents (60 per cent) describe their news organisation as an independent small to medium enterprise.

This raises an interesting question: do local news leaders equate their business to other non-news SMEs in the community — and if so, does that give these news organisations a greater chance of survival? We touch on some of the relevant research in the conclusion in this chapter and later in the report, especially chapter 3.

Not all those surveyed were solely local. Close to two in five (36 per cent) described their publication as part of a bigger state or national company based in a regional or rural area. But they have been part of the community for a while: the vast majority (84 per cent) of respondents said their news organisation had been in operation for 20 years or more; two in three (64 per cent) had been around for 50 years or more. In other words, they have deep roots.

At 48% Facebook was the most commonly cited competitor outranking rival local newspapers and TV

Including yourself, how many people (reporters and others) work at your news organisation? (%) (Fig 2)



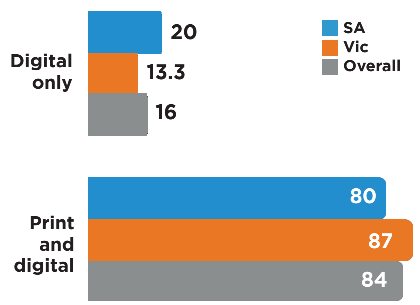
The data supports the view that local news organisations think of themselves as SMEs. One in eight (12 per cent) say their news company employs 20 to 49 people, while the same proportion employs 50 or more people. More than three in four (76 per cent) respondents say their news organisation employs fewer than 20 people.

The workforce may be modest, but they have reach. The vast majority (84 per cent) of respondents said they serviced a population of at least 20,000 people. More than half (56 per cent) had a target population of 100,000 or more people. However, serving large populations does not appear to translate into subscriptions: on average, the regional news organisations surveyed had 4,396 paid subscribers.

DELIVERING THE NEWS

This section explores how the news is delivered, the types of news produced and how frequently websites are updated. It also summarises the annual turnover of the respondents.

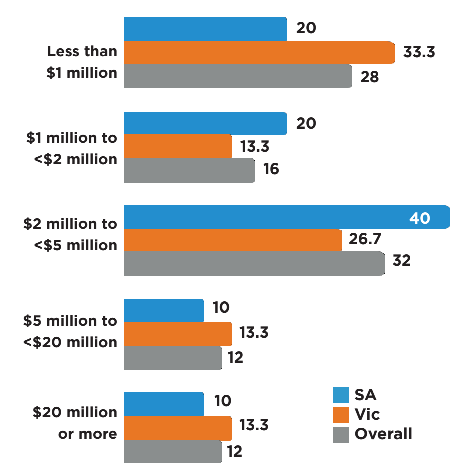
What delivery channels do you use for your news services? (%) (Fig 3)



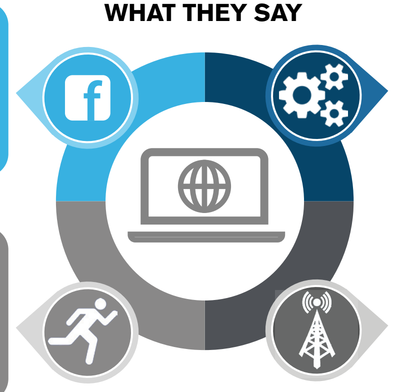
Digital news is very much part of the landscape, but there remains a loyal and still dominant liking for the printed product. The majority (84 per cent) of respondents said their news organisation used print and digital to deliver the news — and only one in six (16 per cent) used a digital-only approach. This may well reflect an ongoing and evolving issue for regional news consumers: the lack of a reliable internet connection. The question, not-yet fully answered, is whether the transition to digital-only is a viable and reliable option from an infrastructure point of view?

The transition to digital is also linked to revenues. These are small businesses, as figure 4 indicates. As with most small businesses, there is not a lot of spare cash around for the transition to digital. More than three in four respondents (76 per cent) said their news organisation made less than $5 million annual revenue. Just less than one in four made more.

What is your approximate annual revenue from all sources? (%) (Fig 4)



WHAT THEY SAY



Facebook is a major digital component

"Facebook is a big driver of growth, but yeah, the website, not so much."

"Facebook users particularly are important ... 65% of our audience is through Facebook."

Technology (and the consumption thereof) has changed the content itself

"We are digital first which is very much a pre-emptive idea of what we publish. We publish for an online audience definitely as a priority to our print product."

Technology adoption has improved efficiency

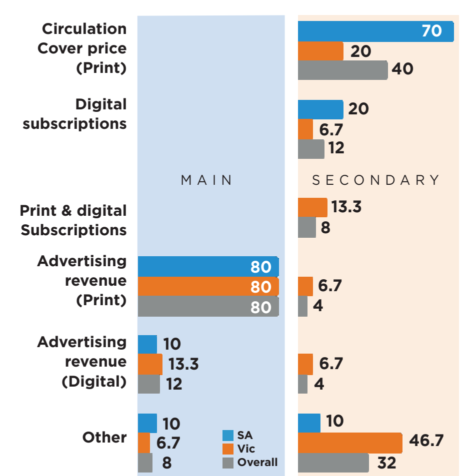
"Their abilities to adopt new technologies and rethink the way they do things has been extraordinary given how rapid the change is and how disruptive the change has been."

Technology has allowed regional stories to receive a national spotlight

"This kind of change has kind of given those teams a focus that the best stories from their region, could reach a national audience. And so, the stories that they're telling can be part of the national conversation."

Regional publishers appear to be caught in the same dilemma that once deeply afflicted (and still does, to varying degrees) their metropolitan counterparts: the need to fish where the fish are. Print advertising remains the dominant source of revenue. Four in five respondents (80 per cent) considered print as the primary revenue source closely followed by cover price (60 per cent) – and then digital subscriptions (15 per cent).

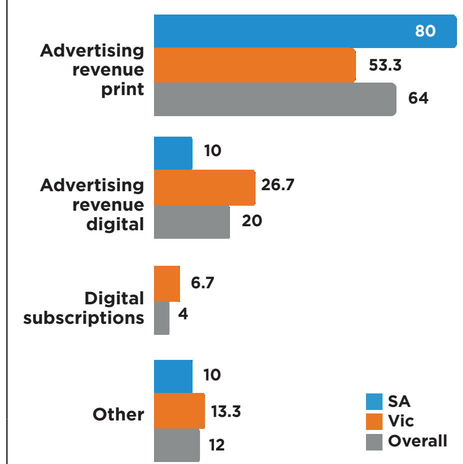
What is your main/secondary source of revenue? (%) (Fig 5)



Only one in eight (12 per cent) cited digital advertising as a primary source of revenue and only five per cent saw digital advertising as a secondary source. There appears to be little prospect of short-term change in this outlook.

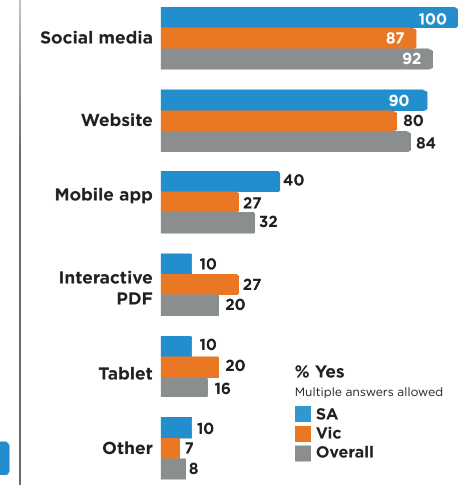
Research by commercial companies and academics indicate that the regional news media is highly valued by its customers

What do you expect to be your main source of revenue in five years? (%) (Fig 6)



The reliance on print advertising is expected to continue. Close to two in three respondents (64 per cent) said they expected print to be the main source of revenue in five years. Only one in five (20 per cent) of those surveyed believed digital advertising would replace print as the main revenue. Only eight per cent cited digital subscriptions; a result which would appear to put them out of step with many city-based publishers. This is not to say that regional news leaders ignore digital capacities. They use social media and web applications to deliver the news, as figure 7 shows.

Which digital platforms do you use? (%) (Fig 7)

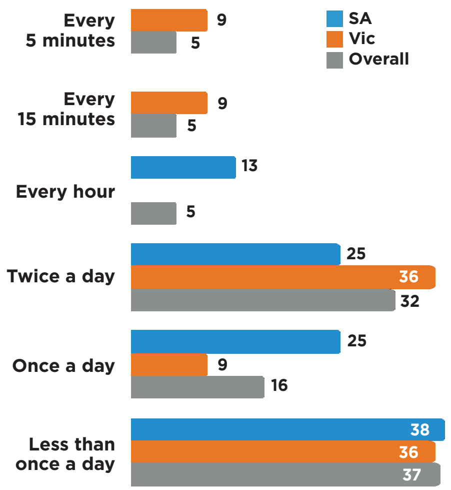


Social media and websites were by far the most used digital platforms among news organisations (92 per cent and 84 per cent respectively) among those surveyed, though interestingly, some still used an interactive PDF. The modest use of mobile apps — at only a third —may indicate that many regional publishers are struggling to find the funds for digital transformation. That said, they are very much aware of the importance of social media to drive website traffic.

Apart from direct visits by readers, Facebook (71 per cent) and Google Search (67 per cent) were the major sources of website traffic for news organisations. Google News, Twitter (both 24 per cent) and Apple News (19 per cent) were also significant sources of website traffic.

When it comes to updating websites, the typical practice of those surveyed was once or twice day, though more than a third did so less than once a day. In print, of those surveyed, 71 per cent said they published once a week.

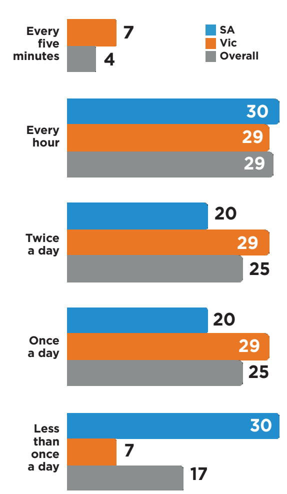
On average, how often do you update your website? (%) (Fig 8)



Where they exist, mobile apps are typically either updated quite frequently or quite infrequently. There is not much of a middle ground. Half (50 per cent) of respondents updated every five minutes; the other half said less than once a day.

By way of contrast, and underscoring the importance of social platforms, respondents appeared to be using social media on a regular basis.

On average, how often do you publish on social media? (%) (Fig 9)

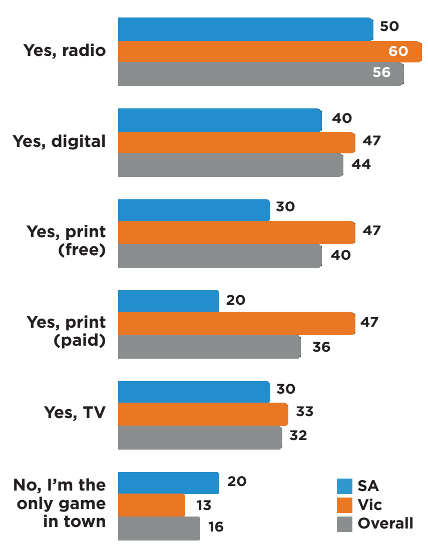


Close to three in 10 (29 per cent) said they published on social media every hour. One in four said once a day, and only one in six said they published less than once day.

One of the key goals of the survey — and proposed further work by the CMT in regional areas — was to understand the news media ecosystem in regional Australia. This survey is a snapshot from country Victoria and South Australia, but it opens a window.

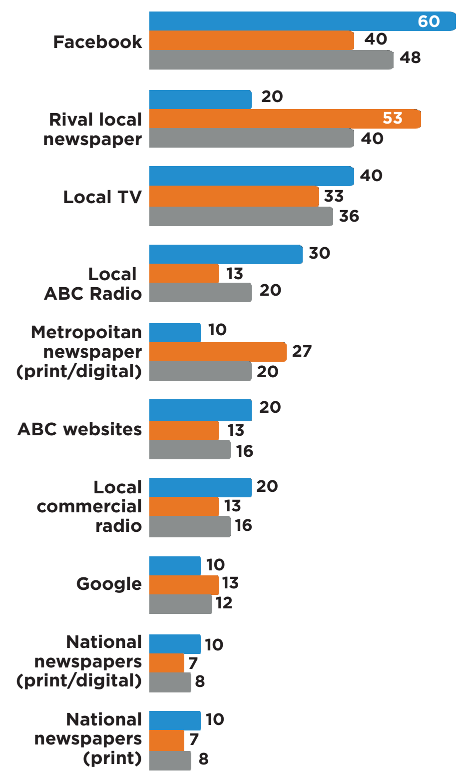
We explored in the survey two sets of competitors: local, as in other locally based news media; and a more diverse range, including social media giants, such as Facebook. The next two tables, figures 10 and 11, indicate the extent of news services in regional Australia. It is, perhaps, larger than expected.

Do you have direct local competitor(s)? (%) (Fig 10)



The vast majority (84 per cent) of respondents considered they had at least one direct local competitor. More than half (56 per cent) cited local radio, around two in five digital or free print competitors (44 per cent and 40 per cent respectively). About one in three had a paid print or TV competitor. But the real battle is for audience.

Which of the following would you regard as a competitor, in terms of competition for audience and revenue? (%) (Fig 11)



In terms of competition for audience and revenue, at 48 per cent Facebook was the most commonly cited competitor, out-ranking rival local newspapers (40 per cent), and local TV (36 per cent). This result re-enforces the concern that Facebook can be both a friend and an enemy: a 'frenemy'. It is vital to delivering audiences to news content; it is even better at monetising that content for its own gain.

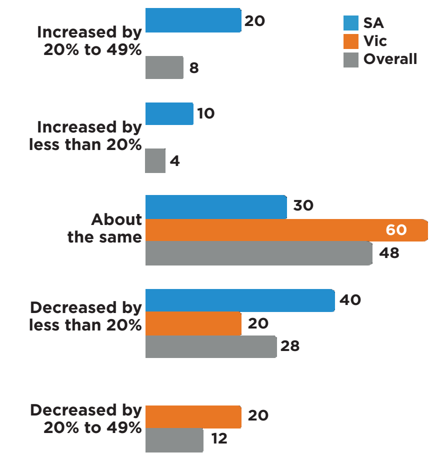
Interestingly, one in five respondents said the local ABC radio and metropolitan newspapers were competitors (both 20 per cent), while close to one in six (16 per cent) considered the ABC websites and local commercial radio stations as such. Australia's two national newspapers, *The Australian* and the *Australian Financial Review*, were not seen as competitors by the sampled group. Only 8 per cent classified them as competitors, whether print or print plus digital.

This result points to the competitive advantage enjoyed by regional local news media; they are not in direct competition for stories or consumers with national publications. The locals cover the "nitty gritty" of what is happening in the community and what matters to the community; the nationals have the "big picture". In conversation with regional editors and publishers, two other concerns emerged: the capacity of low wage growth to impact on consumer spending (and thus advertising) and the changing pattern of news consumption among younger, more tech savvy consumers. There is a fear that this cohort may be lost to traditional publishers. It is fair to say that regional editors and publishers are not alone in having such concerns.

EDITORIAL RESOURCES AND COVERAGE

As mentioned above, most of the news companies surveyed had relatively few employees, typically less than twenty people. This section explores in greater depth the provision of editorial resources and views about what topics matter to regional news consumers. The newsrooms surveyed typically had between five and nine reporters and were consistently seeking efficiencies. To risk stating the obvious, this latter point very much aligns regional and city news media.

Which of the following best describes how your newsroom resources have changed over the past five years? (%) (Fig 12)



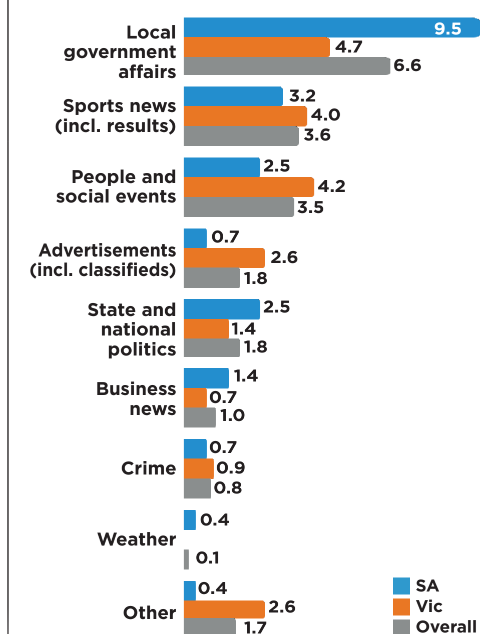
The majority of those surveyed had not seen an increase in newsroom resources over the past five years. Most said that resources had either stayed about the same or been reduced. Together, those responses represented almost 90 percent of those surveyed.

When asked to explain why newsroom resources are under such pressure, those surveyed held out several reasons, chiefly outsourcing of both editorial and sales functions and cost-cutting as a result of moving to online delivery. It is also clear that declining revenues, in both classified and display advertisements, has had an impact. As one of the interview subjects said, 'online advertisements and commensurate digital revenue (are) not keeping pace' with the decline in print revenues.

On the flip side, those surveyed were asked about what had caused an increase in editorial spending. Only three respondents said that an actual increase had happened: it had been the result of increased revenue from circulation and/or subscribers.

Regional news consumers in Victoria and South Australia are, according to those surveyed, most interested in local people and events, local government affairs and sport, both news and results, see figure 13. Accordingly, these areas are given most resources and areas considered of the lowest importance to readers — business news, crime and national politics — the least. This survey did not ask regional news consumers their preferences; to what extent are readers and news leaders aligned is an interesting topic for further study.

Which of the following areas have the greatest allocation of your editorial resources? Please rank the top three, where one is the area with the greatest allocation. (%) (Fig 13)

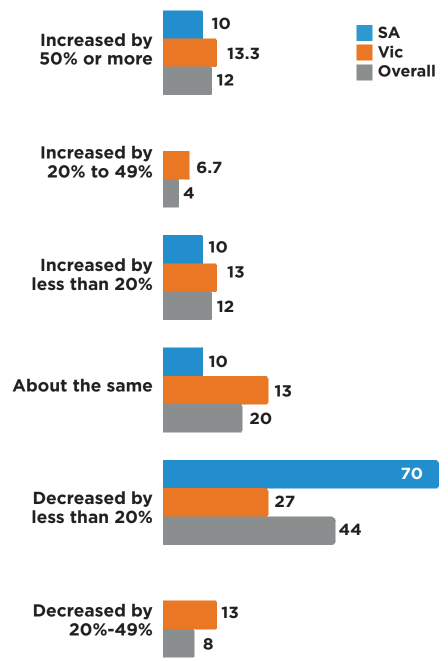


Respondents were asked about what resourcing issues affected news coverage. Almost half (48 per cent) said too few reporters, and close to a quarter (24 per cent) said too few production staff.

The final two questions in this section asked respondents to consider changes over the past five years: in terms of audience reach and advertising revenue. Results for audience reach were mixed. One in three (36 per cent, table not shown), considered reach, including via social media and internet, had fallen over the period, about 20 per cent said it had stayed the same and 44 per cent said it had increased. It is difficult to read a pattern from these results, especially given the prevalence of social media and platforms as a way of delivering the news, as outlined above. Again, such results warrant further study.

In terms of revenue, the picture is clearer. Almost three-quarters of those surveyed said revenues had decreased (52 per cent) or stayed the same (20 per cent). About a third (28 per cent) said they had increased.

Which of the following best describes how your advertising revenues have changed over the past five years? (%) (Fig 14)

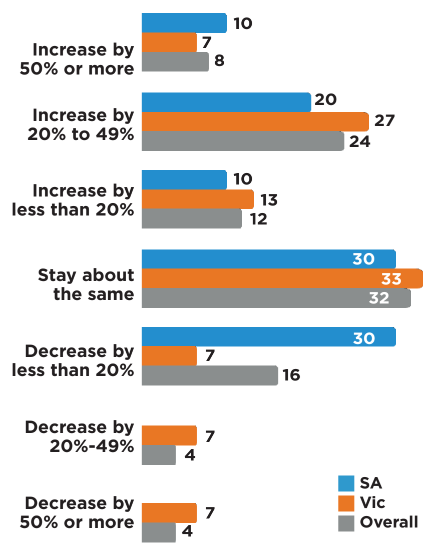


LOOKING AHEAD

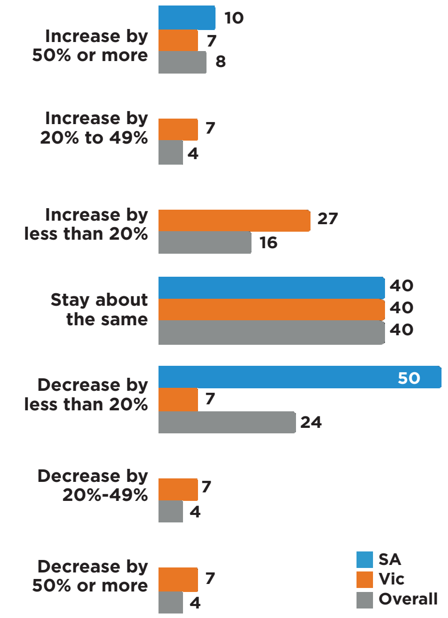
Growing audiences (figure 15) and revenues (figure 16) remain a challenge, according to those surveyed. Close to one in four respondents (24 per cent) expected audience reach to decrease over the next five years. Close to one in three (32 per cent) said it would stay about the same. Only two in five (44 per cent) predicted a rise.

When it comes to advertising revenue, those expecting it to decrease (32 per cent) or stay the same (40 per cent) were in a clear majority. But close to a third had a more optimistic view. As discussed in the introductory remarks to this chapter, who is to say that these people are not on the money? We hope they are.

Including your reach on social media and the Internet more broadly, which of the following best describes how you think your audience will change over the next five years? (%) (Fig 15)



Which of the following best describes how you think your advertising revenues will change over the next five years? (%) (Fig16)



CONCLUSION

This is a modest, targeted survey, in terms of both the number of respondents and its geographic spread. As noted above, some of the results need to be stress-tested with replication and many point to the need to flesh out the trendline. But the survey does serve as a fair indication of the extent of the challenges ahead and the state of mind of those facing them.

Regional publishers and editors are by and large a pragmatic, realistic bunch. Sections of this survey were previewed to a roomful of them in early 2019 in Adelaide. There was no shock, no horror — and little sign of retreat.

Regional newspapers have been, and in many cases still are, a great business to be in. They have rarely, if ever, been awash with cash; their fortunes have always been tied to that of their community, town and region.

Now broader, perhaps less understood forces (and often less transparent) are at work, many of them driven by technological disruption, all of them requiring adjustment.

Judging from this survey, there is an appetite to meet these challenges in the regional news media industry. The $64,000 question is, will they have the money to do it?

Research has consistently shown that local reportage is highly valued. This research includes quantitative surveys such as Australian Communication Media Authority's own regional reports in 2013 and 2017, the results of the Digital News Report, prepared in Australia by the University of Canberra, and in surveys by commercial companies such as Roy Morgan.

The Digital News Report research in both 2016 and 2017 gave 12 category options to news consumers and in both years "News about my region, city or town" received the highest level of interest (Park et al., 2017; Park et al., 2016). Similarly, Roy Morgan research from 2015 found a majority of Australians (51 per cent) described local news as "the content they most wanted to see, hear or read one or more times across the week" (Roy Morgan, 2015). However, the Roy Morgan research also revealed that this preference for local news is usually higher in smaller communities.

As pointed out by Roy Morgan, consumers in regional towns had some of the highest preferences for local news (up to 71 per cent in Launceston) and the overall percentage for smaller towns and rural areas was five percentage points higher than the national average.

ACMA research conducted by Newspoll in 2013 and 2016 (cited in ACMA, 2017) likewise found that local news was highly valued in regional Australia. Nevertheless, it is worth noting that while the overall percentage remained high in both surveys there was a key difference between the two samples.

In 2013, the proportion of regional Australians who described local content as very important or somewhat important was 91 per cent. In 2016, the combined percentage of those describing it as very or somewhat important was only slightly lower at 89 per cent.

However, the ratio between the two categories of "very", and "somewhat" had changed significantly with only 54 per cent describing local news as very important, compared to 62 per cent in 2013. This drop came among a period of heavy cutbacks and closures of commercial, public and community regional media.

The researchers involved in the New Beats project, tracking job losses in news, point to 2014-2015 as the key period when cutbacks in regional and rural news operations started to become visible (Zion et al., 2016). Odd as it may sound, the News Beats research highlights a source of potential good news.

Mass redundancies started hitting the news sector in metropolitan areas in 2012 and have continued, to a greater or lesser degree, ever since. If New Beats is right, there may be a little more time to take concrete steps to ensure the future of regional news media.

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CHAPTER 3

WE'RE NOT ALONE

the overseas experience

Leo Tolstoy once wrote, "happy families are all alike; every unhappy family is unhappy in its own way". The same may be true for regional news with each national market presenting specific stresses related to the different market dynamics. However, there is also no doubt that some key trends are emerging internationally. This chapter aims to home in on a few of those key trends. The goal is to find some lessons that may translate to building blocks for successful (read happy) news environments. We set the scene by looking at international consensus on what regional media offers and what could be lost and then look at two key developments impacting regional media – the scale needed for online news, and the rise of hyperlocals.

REGIONAL MEDIA BUILDS CIVIC COMMUNITY

The importance of regional media in community building has been highlighted by Australian media academics, and the international literature is no different. In 2016, Nielsen found focus group participants and interviewees in Denmark describing the local paper as "our paper". Nielsen points out that this view does not inscribe uncritical support for the paper as there were often criticisms of performance but it "valorizes" the newspaper as an important part of the local community' (Nielsen, 2016, p. 845).

Also in Denmark, researcher Malene Paulsen Lie asked interviewees to describe the "importance of the press to them personally" and found that it was mostly to get an overview of the state of the community. Lie further found that even though Facebook was a more efficient use of media when it came to organising voluntary activities, the local paper was still used to make sure the wider local community was aware that those events were taking place (Lie, 2018).

US qualitative research across metropolitan and regional cities (San Francisco, NY, Bowling Green and Elkhart) found interest in local news has a clear connection to social and civic dimensions – importantly this is true also for young adults who are forming their media habits:

"I kind of feel like – and I talk like I'm old or something – but the older you get, you kind of realise that the local stuff is what's actually important and affecting you more than what you see on CNN. … I think it's nice to know what's going on in your backyard (Bowling Green, Kentucky; 18–29-year-olds)" (Brown, Wenzel and Roca-Sales, 2017, p. 24).

Andrea Wenzel points out the community-building role of local media in an increasingly polarised US society. Wenzel's work in Iowa found that, particularly in rural areas, national media was distrusted in relation to local media because it was seen as more opinionated. Furthermore, that the national journalists were not seen as "fair or respectful of their local cultures … While these feelings were voiced most strongly on the right, the belief that reporters relied on stereotypical frames cut across party lines" (Wenzel, 2018, p. 12).

The "Report for America" project is attempting to address the regional feeling of abandonment by metro press. However, it is proving a difficult task. Launched in 2017, the project has 61 fellows and operates in partnership with some 50 news outlets across 28 states and Puerto Rico, and received startup funding from Google among others. Yet, recent case studies highlight that gaining traction will take more than resources. It will take time and personal relationships. The project's reporters are being confronted with the lack of trust of mainstream, and larger, regional news providers, which exists in the local communities they are targeting (Wenzel et al, 2019).

Overall, the research shows that communities appreciate their local reporting by local reporters but they also see room for improvement, with most suggestions calling for less negativity, more skill-development opportunities and resources for local journalists, and greater use of the local community as a source of content. This issue of skills development and access to resources is particularly important when considering the next major function of regional news – that of a local watchdog.

LOCAL WATCHDOGS AND UNIQUE REGIONAL RESEARCHERS

Local news outlets are crucial sources of original research. As noted by researcher Christopher Ali "political economists of media call the abandonment of high-quality investigative local journalism by commercial news organizations a market failure" (Ali, 2016, p. 107). In the US, James Hamilton (Hamilton, 2016) has highlighted the instrumental role of local newspapers in exposing the implementation – and lack of implementation – of federal policies in the field. "Their FOIAs [Freedom of Information Act requests] to federal agencies may involve a local problem, but the local story can expose patterns that apply to other localities" (Hamilton, 2016, p. 168). His analysis of the pattern of FOIAs from 2005-10 also showed that local papers played a particularly large role in scrutinising departments which received less scrutiny from other sources (Hamilton, 2016, p. 170).

The loss of investigative reporting is one issue, the loss of journalism of record is another. The Overview of Recent Dynamics in the UK Press Market noted the consolidation, closure and hubbing of local news functions has meant "reducing commitment to some categories of content (eg, court and local council reporting)" (Department for Digital Culture Media and Sport, 2018, p. 57). Karlsson (Karlsson, 2016) conducted a long-term content analysis of online newspapers in both the UK and Sweden with random front-page samples from 2002, 2007 and 2012, including regional papers, and found a loss of political reporting and far more lifestyle reporting.

In case-study research of a regional town in Denmark, Nielsen found "most of the many stories about local politics produced by the local paper never appear anywhere else" (Nielsen, 2016, p. 67). However, this was not necessarily recognised by the people of the town. Of 1,450 representative respondents who were surveyed, the researchers found a declining importance for print, with only 32 per cent rating it as important or very important, compared to 55 per cent for regional TV and 45 per cent for weekly freesheets (Nielsen, 2015). Young people in particular did not consider the local daily paper important. However, that attitude did not take into account the diversity of content produced (Nielsen, 2015, p. 61-67). Nielsen argues local newspapers should be characterised as "keystone" media in the same way that there are "keystone species" in biology. The point here is that "Keystone media are characterised by their systemic importance, their importance not for the majority of users, but for the wider information environment they live in" [original italics] (p. 54).

Nielsen's argument receives support from other studies. One study in the US used longitudinal data to link citizen

Focus group participants and interviewees in Denmark describe the local paper as 'our paper' engagement data to the deterioration of local news media. Tracking the same individuals over time and simultaneously measuring changes in media content in their communities reveals that reductions in citizens' political knowledge and participation follow declines in coverage about congressional elections (Hayes and Lawless, 2018).

Another study in the US looked at the relationship between loss of newspapers and local government efficiency. It found a link to between poorer financial outcomes for local government, in particular in relation to borrowing costs, and reduced scrutiny by local journalists. This link was not related to any other underlying economic condition for the region, the study found (Gao, Lee and Murphy, 2019).

Now that we know what's at stake, here are two key issues crying out for attention.

LOCAL DOESN'T DO WELL ON DIGITAL

Research indicates that local news titles often struggle in digital environments due to scale. They lack the audience size and reach of larger competitors; their owners have less financial capacity to experiment with multiple online distribution channels. The former problem was noted over a decade ago. In 2007 in the US, Hindman analysed audience concentration among top 100 radio stations, magazines and newspapers and audience concentration for the top 100 English-language websites.

He found that online you need size to survive and "online content is more concentrated than content in traditional media" (Hindman, 2007, p. 338). Further research confirmed the digital audience of regional papers remains tiny, with metro papers taking most of the digital eyeballs (Hindman, 2015).

As distribution channels multiply, this only compounds the problems smaller players face. The larger the organisation the more likely it is that it can invest in tailoring its content for the vast array of online distribution channels. The investment required is substantial. Even significant regional metropolitan mastheads such as the Los Angeles Times and Chicago Tribune have struggled to post on multiple distribution platforms (Rashidian et al, 2018).

Market overview research in the U.K from the Department for Digital Culture Media and Sport (Dept. for DCMS, 2018) similarly found local and regional press were the entities most in trouble due to their lack of size hampering their ability to generate profitable income online. This was further compounded by the "low propensity [of consumers] to pay for news online" (Dept. for DCMS, 2018, p. 58).

To return to the focus group research in metropolitan and regional US cities, researchers found "whether explicitly or implicitly, participants often framed platforms as environments where local news was subjugated to national/international news" even though they followed people from their local area. They described platforms' "weakness at reliably surfacing local news" and an ongoing reliance on legacy media for local news (Dept. for DCMS, 2018, p. 27) although, of the digital platforms, they described Twitter as best for local news (Brown, Wenzel and Roca-Sales, 2017).

In Canada, too, two thirds of 1,500 adults surveyed agreed that online news "tends to be less rooted in and covers less news about the local community", while a majority (52 per cent) disagreed with the proposition that nothing would change for them if online replaced newspapers and local TV (Public Policy Forum, 2017).

Qualitative academic research with self-identified local online news consumers, using data from six focus groups across three communities in the US, found consumers believing there was enough local news out there in the online space but the responsibility (sometimes described as a burden) of finding that news wasn't easy to fulfil (McCollough, Crowell and Napoli, 2017).

THE HYPERLOCAL EXCEPTION?

There is evidence that hyperlocal media is emerging around regional Australia. This includes examples from the case studies in the Australian Communication Media Authority's research on regional news (ACMA, 2017) and the evidence of Facebook groups monitoring local councils discussed in the ALGA-PIJI survey. There are also well-known pioneering titles which are successfully running on community support and upholding a watchdog ethos; the exemplar here being *The Terrier* by Carol Altmann in Warrnambool, Victoria (https://www.the-terrier.com.au/).

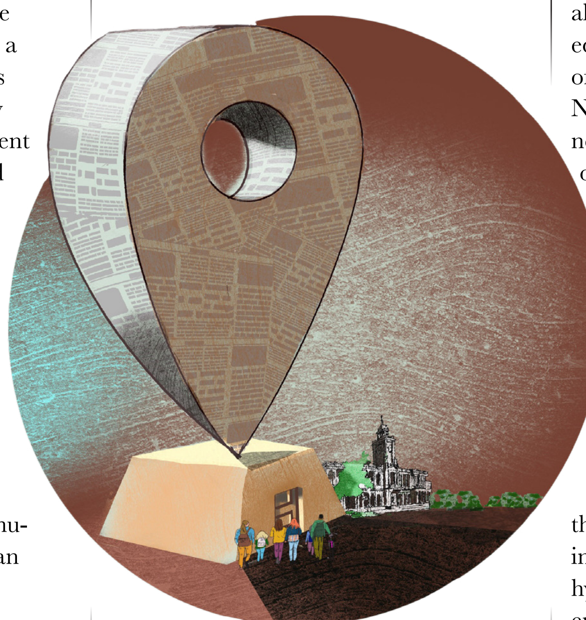
However, terrier like qualities are the exception rather than the rule. Offline and online hyperlocals in regional Australia have focused on community cohesion. It has been observed that "There is no doubt that while human interest news has a future in rural communities, hard news reporting and the future of newspapers are at risk while these sources [hyperlocals] are viable for human interest stories" (O'Shea, 2019, p. 59).

With larger populations and a longer history hyperlocals are in a slightly different situation in the US and UK but concerns about their viability remain, both economically in their capacity to survive, and socially in their ability to deliver watchdog journalism. In the UK and the US, by the mid-2000s a proliferation of hyperlocal websites had emerged and were followed by academic, corporate and government interest. Digital platforms provided information-gathering tools and publishing and distribution channels that enabled hyperlocals to flourish, with some existing solely on social media. However, despite initial optimism both the UK and US have seen prominent news investments in hyperlocal sites fail.

There are also concerns that hyperlocals do not suit every community/market environment. Hindman argues: "hyperlocals have found the most traction in the affluent, social-capital rich communities that need them least. Employing a few reporters in Minneapolis or West Seattle or New Haven is great. But the same model has failed in many other places, even when the journalism produced was high quality" (Hindman, 2015, p. 6).

The UK has seen a proliferation of hyperlocals start, and also cease, operation. By June 2013, of the 632 hyperlocal websites listed on the OpenlyLocal database, only 496 were actively operating in the UK (Barnett and Townend, 2015).

From 5 December 2013 to 24 February 2014, Barnett and Townend conducted a survey of hyperlocal sites receiving 183 responses. They found the key content was community-based events 93.6% and that many of the survey respondents were uncomfortable with the notion of themselves as journalists (Barnett and Townend, 2015, p. 344).



Nevertheless, just over four out of 10 respondents to the hyperlocal survey said they had carried out an investigation in the last two years (N = 154), with an average of six for each one (N = 55). The authors state: "There was a wide range of examples, but virtually all of them qualify as good illustrations of watchdog or accountability journalism at the local level" (O'Shea, 2019, p. 341) and more would have been carried out but for resource restraints.

This leads the authors to conclude that BBC resources could be used to support hyperlocal sites, or there could be a central organisation which would help with specifically democratic functions, for example with Freedom of Information requests.

Writing in the Swedish context, where hyperlocals also have a strong presence, researchers similarly highlight that although "hyperlocal media has repeatedly been framed as a potential saviour of local journalism" (Stúr, Jangdal and Nilsson, 2018, p. 87), they are in a vulnerable economic position which among other points makes them vulnerable to the influence of free content via PR departments (Stúr, Jangdal and Nilsson, 2018).

Another concern is raised by Nielsen. In his Danish regional city casestudy, he found a puzzling dearth of hyperlocal attempts:

Despite high levels of internet use and the generally high levels of participation in civic associations in Denmark, no hyperlocal or citizen journalism sites have emerged in the community, and bulletin boards with a local focus have very low levels of activity (Nielsen, 2015, p. 52).

This suggests that some cultures, or sub-cultures, are less willing to embrace citizen journalism attempts. In the US for example, given the strong critiques of the existing media environment McCollough and Crowell (McCollough, Crowell and Napoli, 2017) were simi-

You realise the local stuff is what's important and affecting you more than what's on CNN larly surprised by the lack of appetite for community journalism, including on the part of focus-group participants who were currently marginalised by the media. They discovered that the personal costs and risks associated with journalism practice were intensified in the idea of self-exposure among a small community. One participant suggested a partnership with news organisations training up local community members – an idea which the authors point out is also supported by academic literature (McCollough, Crowell and Napoli, 2017, p. 113).

Even if hyperlocals are started, there is a question of how they are received. Firmstone and Coleman (Firmstone and Coleman, 2015) carried out qualitative case-study work in Leeds, UK, a large regional city of approximately half a million. The researchers conducted interviews with civic actors, politicians, frontline council workers, NGOs/activists and media professionals.

They found "there was uncertainty about the motives, legitimacy and credentials of citizen-produced journalism" (Firmstone and Coleman, 2015, p. 135) and much citizen journalism was more akin to "interest groups, run by volunteer citizens". Similar to other UK research, Firmstone and Coleman found that while some citizen journalists would like to do watchdog journalism, they were limited by resources (Firmstone and Coleman, 2015, p. 136).

In recognition of this continued call for resources the UK government has recently moved to share the bounty of the TV licence beyond the BBC, and in 2017 launched the BBC Local Journalism Partnership. It involves:

- 150 journalists funded by the BBC and employed by a range of qualifying news organisations to cover local authorities and public services; the reporting done by these journalists will also be made available to the BBC
- Archival footage and audio news content produced by the BBC to be made available to local news media websites
- A set of data journalism tools to be funded by the BBC and made available to its partners in the local press.

They discovered that the personal costs and risks associated with journalism practice were intensified in the idea of self-exposure among a small community

The first 143 full-time journalists and two part-time journalists have been named and contracted by around 60 news organisations in England, Wales and Scotland. These organisations will receive a share of (initially) £8 million a year. However, most of these contracts have been won by the "big three" regional press groups with only nine reporting positions split between smaller regional publishers and hyperlocals (Linford, 2017). This means the partnership does not fulfil the role envisaged by Barnett and Townend in supporting hyperlocals, nevertheless it may still prove useful for regional news provision.

SO, WHAT HAVE WE LEARNED?

The lessons from overseas are clear. They show the crucial role media plays in supporting a sense of community in regional areas and that their removal from the information ecosystem will mean a loss of civic engagement.

Particularly strong alarm bells are ringing from the US where the extent and breadth of difference with their removal is perhaps greater than expected. Local media in the regions are credited with keeping political polarisation at bay and, where news deserts have emerged, the loss of news has been convincingly linked to less political participation at elections and worse economic management by local authorities.

This makes sense, local politicians and general managers pay more attention to long and dry council reports if they know they are going to be asked questions about them by the local reporter! Which brings us to the question of journalistic resources. Again and again this has emerged as a key issue with no silver-bullet solution. The BBC Local Journalism

Where news deserts have emerged, the loss of news has been linked to less participation at elections and worse economic management by local authorities

Partnership model is in its infancy and even though the news director of the Australian Broadcasting Corporation, Gaven Morris, has described the idea of worthy of consideration in Australia this seems unlikely given recent squeezes to the ABC budget.

The resources issue is of course linked to the question of how regional news can and will survive in the online space; online they have lost their one natural advantage of a bounded area, the competition for eyeballs is fierce and scale is king. There are exceptions, online hyperlocals continue to sprout, and many take root, but a lesson in the international literature is how different cultures and sub-cultures react differently to citizen journalism. This, perhaps, points us to a larger truth of the news environment: the necessity of tailor-made solutions that take into account both the economic and social constraints, and priorities, of each town. How bespoke can, and will, work with scale, consolidation and/or cooperation is the next lesson we need to learn.

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CHAPTER 4

The availability of LOCAL NEWS *and information*

By **Margaret Simons** *and* **Gary Dickson**
for the Public Interest Journalism Initiative

SUMMARY

This paper draws together what is known about the quantum of local news journalism in the regions of Australia and how this is changing. It also makes an original contribution to this knowledge in the form of the results of a survey of local government media managers, conducted earlier this year.

The picture that emerges is of sharp and worrying decline in the amount of local news available to Australians. Given that numerous pieces of research worldwide indicate a close relationship between journalism and the broader civic health of communities, this decline has serious implications for the agency, power and health of citizens in Australia's regions.

Local news is a service not easily substituted. Research shows that regional and rural news media fill special roles in their communities that metropolitan media do not. They're closer to their audiences and advocate for them; journalists and editors are much more accessible and contribute to social and community cohesiveness. Civic leaders believe local media does a better job of reflecting the needs of communities than state or national media. Recent new digitally-based entrants to the news media business have all focused on national and international news, leaving local reporting untouched. The Australian Broadcasting Corporation makes an important contribution, but does not offset the overall picture of decline.

THE COLLAPSE OF THE BUSINESS MODEL

This decline is one part of a broader story to do with the collapse of the advertising-supported business models that have traditionally supported most commercial news services. There are two waves to this. First, early this century, audiences fragmented as the world wide web led to greater and more flexible availability of media content. At the same time, classified advertising moved from newspapers to online dedicated sites. Second, in the last five years, more advertising has moved from traditional media to digital platforms such as Google and Facebook. In the period January 2013 - June 2017 the total advertising market in Australia grew by 11 per cent. The growth was overwhelmingly captured not by those who create the content against which advertising is served – for our purposes the news media companies – but by those who provide advertising services and those who control access to the audience: search engines and social media platforms. Forecasts suggest these trends will deepen and continue.

DEMAND FOR NEWS

Despite the collapse in the business model and declining newspaper circulation figures, indications are that news media consumption is actually increasing overall. Despite it being frequently claimed that young people, in particular, are less interested in news and current events, there is no evidence to support this and considerable data to suggest that news is highly valued by audiences – particularly local news, which is frequently accessed.

NUMBER OF JOURNALISTS

All major news organisations in Australia have responded to reduced revenue by cutting jobs. It can be difficult to quantify exactly the extent of job loss, but the best estimates are that at least

2,500-3,000 Australian journalists have lost their jobs over the last five years. Australian Bureau of Statistics data shows steep declines, particularly in print. The figures, together with other research, suggest that journalists are moving out of traditional media jobs in very large numbers, but are finding work in other communications roles. See table 1.

TABLE 1 **Occupation data collected by the Australian Bureau of Statistics. Percentage change provided between 2006 and 2016.**

Occupation	2006	2011	2016	%
Newspaper editor	4844	5059	4388	-9.4
Print journalist	6308	5510	3827	-39.3
Radio journalist	671	603	468	-30.3
Television journalist	1059	1123	1002	-5.4
Journalists and other writers NEC*	1279	1705	1984	55.1
Journalists and other writers NFD**	1414	2125	2532	79.1
TOTAL	15,573	16,125	14,201	-8.8

* NEC: Not elsewhere classified, jobs that don't neatly fit into other categories.

** NFD: Not further defined, jobs that were insufficiently described to be placed within a category.

A breakdown of ABS occupational data for the category "Journalists and Other Writers" by region is of limited use, given that it includes these large and growing categories of journalists not working for mainstream outlets. Nevertheless, it too shows an overall picture of decline, in that that the number of people employed as journalists has remained static over 10 years, despite increasing population. Within this, there is a much bleaker position in particular regions. For example, the number of journalists employed in Tasmania North West has declined by 8.5 per cent per annum.

A broader analysis indicates, however, that the real picture is much worse than these figures suggest, with declines in journalistic capacity obscured by the large "NFC" and "NFD" categories mentioned above – that is, journalists who have moved out of mainstream media outlets to make their living elsewhere.

CASE STUDY RESEARCH

Case study-based research gives us some idea of how this plays out on the ground. The impact varies across different kinds of communities, but common themes emerge. "Legacy" media – newspapers, radio and television – are reducing their newsrooms. This, in turn, has limited their practice of "shoe leather" and "journal of record" reporting, such as reporting courts and local councils. Fewer stories are covered, and a deficit in quan-

Civic leaders believe local media does a better job of reflecting the needs of communities than state or national media tum and quality of reporting follows. Untrained reporters are less confident when dealing with controversial issues, and more easily used by campaigners and institutions. Public relations content and propaganda from activists and lobbyists is often published without independent verification. Effectively, journalists become news takers, rather than news makers.

Local communities are adjusting to these changes. Often, community groups and institutions, including police and local governments, are using social media and websites to produce their own content, partly in response to the decline in journalism. This material is then often used by journalists in traditional media, as a substitute for independent news gathering.

In this way, emerging journalistic deficits can be partly filled by the other institutions of society using social media and their websites to publish.

However, these case studies also drew attention to the things that mainstream institutional media do that are difficult, if not impossible, for other institutions and individuals to accomplish. For example, non-mainstream players often shunned or avoided issues that were sensitive or controversial – and were naturally unlikely to draw attention to their own failings.

In short, while some of the deficits emerging in local news media can be addressed by other institutions – broadening what might be described as the "news ecosystem" – this is not a complete replacement for the functions traditionally filled by local media. Journalistic deficits result in a reduction in accountability for interest groups and institutions. Media is likely to become more partisan and selective, and increasingly controlled and manipulated by those who have the skills and interest to do so. This, in turn, is likely to lead to less social cohesion.

TABLE 2. To the best of your knowledge, has the amount of local news available from all media to residents of your local government area increased, declined or stayed about the same over the last five years? n = 116.

	Metro	%	Regional	%	Total	%
Significant decline	12	31	20	26	32	28
Some decline	14	37	15	19	29	25
About the same	8	21	24	31	32	28
Some increase	3	8	11	14	14	12
Significant increase	0	0	5	6	5	4
Unsure	1	3	3	4	4	3
Total	38		78		116	

NEW DATA FROM ALGA-PIJI SURVEY

In 2019 the Public Interest Journalism Initiative, supported by the Australian Local Government Association, conducted a survey of media managers employed by local governments in an attempt to better understand the state of local journalism across Australia, and how declines are impacting the important function of reporting on local government.

A low (but still representative) response rate, plus other factors, means the data should be treated with caution, and interpreted at the level of broad trends. Nevertheless it confirms a worrying decline.

TABLE 3 Please think about the regular meetings of council in your area. At a typical council meeting, how many journalists would attend to report on the meeting? n = 114

	Metro	%	Regional	%	Total	%
0	12	32	24	32	36	32
1	16	43	34	44	50	44
2	8	22	14	18	22	19
3	0	0	4	5	4	4
4	1	3	0	0	1	1
5+	0	0	1	1	1	1
Total	37		77		114	

Without adequate local news, accountability of local institutions is reduced, individual citizens are disempowered

Responses indicated sharply declining levels of local news. This varied between metropolitan and rural and regional categories.

Responses from metropolitan Local Government Associations (LGAs) suggested a decline in the amount of local news (68 per cent), while slightly less than half said the same in regional and rural areas (45 per cent) and 31 per cent said that things were about the same, see table 2.

If we look at the basic news media function of reporting on local government, about a third of LGAs reported that no journalists attended local government meetings. See table 3.

Although the figures suggest that some journalists follow up without attending the meeting, the indications are that a large part of local government business goes entirely unscrutinised and unreported.

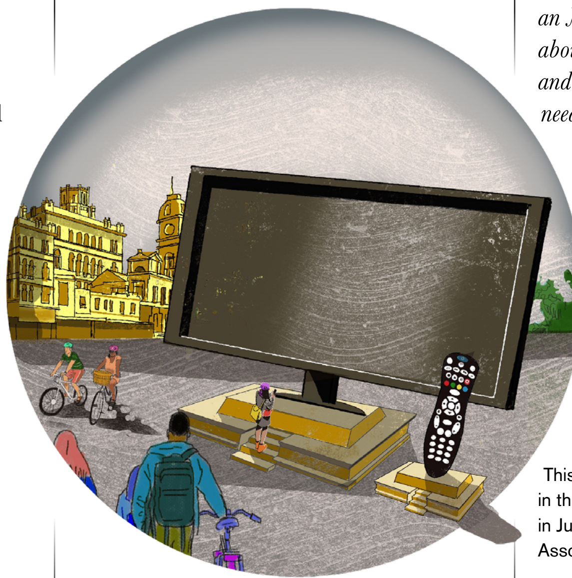
CONCLUSION

The data collected and reviewed here should be of great concern.

First, the availability of local news in the regions of Australia has sharply declined over the last five years, and is likely to decline further. The decline is across the board, though more marked in the suburbs of metropolitan regions and in some rural and regional areas.

The research suggests journalistic deficits result in a reduction in accountability for interest groups and institutions. Media is likely to become more partisan and selective and increasingly controlled and manipulated by those who have the skills and interest to do so. This is likely to lead to less social cohesion.

Without adequate local news and information, accountability of local institutions is reduced, individual citizens are disempowered, and power transfers to those with the ability and motivation to manipulate public opinion.



The result of these trends is likely to be more fractured, vulnerable, isolated and poorly informed regional communities, with serious implications for both them and the democratic health of the nation.

The sharp deficits in local news identified here are therefore a cause of legitimate concern, and potentially offer the justification for action by policy makers to address the issue.

ABOUT THE AUTHORS

The Public Interest Journalism Initiative is an NGO seeking to catalyse public concern about the state of public interest journalism and to help shape the policies and actions needed to sustain it.

Margaret Simons, *an associate professor of journalism at Monash University, is a board member of the PIJI.*

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https://piji.com.au/wp-content/uploads/2019/06/piji_alga-report.pdf

CHAPTER 5

The digital NEWS HABITS *of regional consumers*

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INTRODUCTION

The Digital News Report Australia provides an annual in-depth analysis of the state of digital news consumption in Australia. The report is produced by the News & Media Research Centre at the University of Canberra and is part of a global research project involving 38 countries co-ordinated by the Reuters Institute for the Study of Journalism at the University of Oxford. It is the only independent and academically rigorous study of its kind in Australia.

Drawing on trends and insights from the Digital News Report Australia from 2016 to 2019, this chapter draws out key concerns and ongoing issues of regional consumers in relation to digital news consumption. Those areas are: news access and interest; news sources and platforms; pathways to online news; online engagement; trust in news; news avoidance; news performance; concern about fake news; levels of news literacy; and willingness to pay for online news.

Each of these topics has been analysed by age, gender, education and region. In doing so, this chapter highlights trends in news consumption and illustrates the challenges and opportunities facing regional publishers in this period of digital disruption.

METHODOLOGY

The annual Digital News Report Australia (DNR) survey is conducted by YouGov using an online questionnaire at the end of January/beginning of February each year. The sample is drawn from a panel of more than 70,000 online Australians aged 18 and above. The final sample each year includes 2,000+ participants and reflects the population that has access to the Internet. To be included, respondents must have consumed news in the past month.

The data is weighted to targets based on Australian Bureau of Statistics census data for gender, age, region and education.

Because it is an online survey, it more strongly represents online news consumers than those who rely on traditional offline news media. Because the survey is only conducted in English, the results also better represent English-speaking Australians than those whose main language is not English.

Among the 38 countries in the survey, Australia is the only country with the postcode level data for analysis of regional differences. This allows our report to reflect the geographic diversity of Australia and the differences in news consumption between metropolitan and regional populations. Participants' postcodes are analysed based on the Australian Bureau of Statistics (ABS) geographic classifications of major cities, inner region, outer region, remote and very remote areas. However, because of the small number of participants from remote and very remote areas, we have combined all news consumers outside of major cities as 'regional'.

SAMPLE CHARACTERISTICS

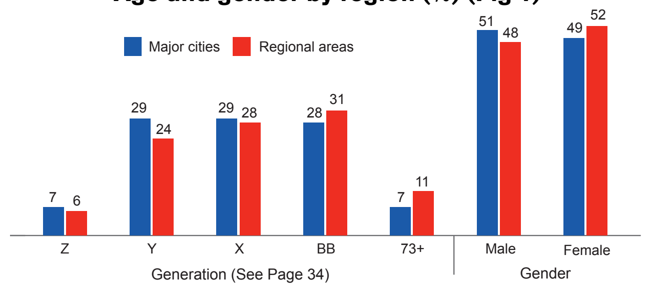
In order to interpret the data correctly, a summary of the sample characteristics is provided below.

According to the 2016 Census, more than two-thirds of Australians live in major cities. The number of people living in capital cities continues to grow at a rate of 10.5 per cent, almost twice as fast as areas outside of cities, where the rate is 5.7 per cent (Australian Bureau of Statistics, 2018).

The demographic characteristics of the DNR annual survey are similar to the Census because the quota is drawn from the 2011 and 2016 Census reports. While the data is weighted for age, gender, education and state and territory populations, it is not weighted by postcode. This can lead to fluctuations in the size of the regional and major city cohorts. Despite this, the proportion of respondents from major cities and regional areas is similar to the ABS Census population data. Here, we report the characteristics of the 2019 data only because it is reflective of previous years' surveys. In 2019, the percentage of major city news consumers in the DNR Australia sample consisted of 60 per cent of the respondents, which is a smaller number than the actual city population in Australia and the percentage of those living in regional areas is slightly higher.

The sample reflects the ageing population in regional Australia. The average age is 45 in major cities, 49 in regional areas and 46 overall. The proportion of 73+ in regional areas is higher (11 per cent) than in major cities (7 per cent). In the sample, there are more women than men in regional areas (52 per cent) but more men than women in the cities (51 per cent) (Figure 1).

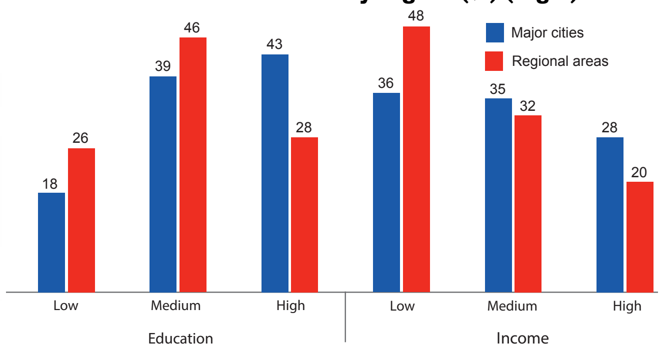
Age and gender by region (%) (Fig 1)



According to the Census, higher proportions of regional news consumers have lower educational attainment as well as lower income compared to those living in major cities. This difference in income and education is reflected in the DNR Australia data. Less than one-third (28 per cent) of regional news consumers have high levels of education, such as university or post-secondary qualifications. In contrast, almost half (43 per cent) of urban news consumers have attained high educational levels. About half (48 per cent) of regional news consumers were in the lowest income bracket (under $50,000), compared to 36 per cent of urban news consumers who were in the low-income group (Figure 2).

These underlying demographic differences between news consumers in major cities and regional areas help explain why there is an urban-rural gap in news consumption behaviours and attitudes, such as paying for news, trust in news and the overall perception about news performance, as we will examine in the subsequent sections.

Income and education by region (%) (Fig 2)



The data indicates that the 'digital divide' that once separated urban and regional Australians is rapidly closing

REGIONAL NEWS IN CONTEXT

News media in regional and rural Australia has been under great strain following the digitisation of the media and loss of advertising revenues. This has led to the closure of local newspapers, job losses and reduced capacity to report on local government and conduct investigative reporting into a range of pressing issues facing rural and regional Australians.

Changes to media ownership laws introduced by the Turnbull government have also led to further consolidation of the news media market, leaving the future of more than 100 local newspapers in doubt. The recent purchase of the Nine group's community papers (see introduction) offers some promise, but there are concerns further consolidation will occur.

In the face of these changes, the federal government has been called upon to provide support to regional news outlets (Finkelstein, 2012). Some measures have been implemented, including innovation funding for small and regional publishers, as well as scholarships for regional journalism students and cadetships for regional newsrooms.

While governments and news organisations seek solutions, news consumers in regional and rural Australia are making their own decisions about where to find news and whether to pay for it.

The following data provides the latest insights into regional news consumption behaviour and will be useful for those seeking solutions in a stressed market.

BIRTH YEARS	GENERATION	ABBREVIATION USED	AGE SPAN
1901 - 27	Greatest Generation	73+	91+
1928 - 45	Silent Generation		73 - 90
1946 - 64	Baby Boomers	BB	54 - 72
1965 - 80	Generation X	X	38 - 53
1981 - 96	Generation Y Millenials	Y	22 - 57
1997 -	Generation Z Post-millenials	Z	18 - 21

NEWS ACCESS AND INTEREST

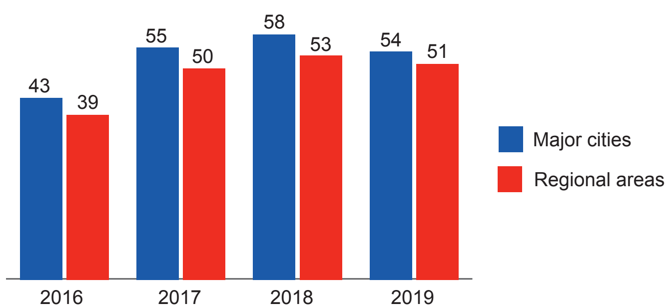
This section outlines trends in news use and interest in regional Australia. It finds that regional news consumers access news less and have lower interest in news and politics than consumers in major cities.

News consumers in regional parts of Australia consume less news than those in major cities. Figure 1.1 shows that over the past four years there has been a consistent gap between the percentage of heavy news consumers – those who consume news more than once a day – in regional and metropolitan Australia.

Those in regional areas are less likely to access news once a day compared to news consumers in major cities.

The lower consumption of news by regional Australians is

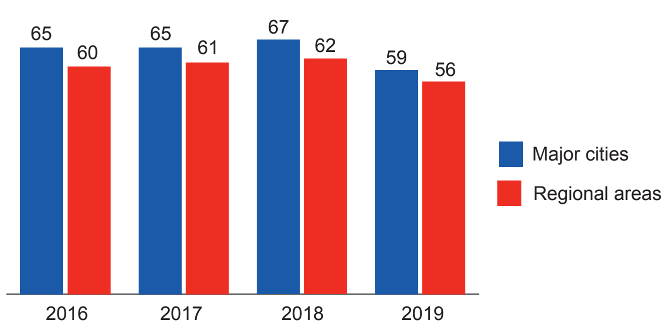
Heavy news consumers (%) (Fig 1.1)



partly a reflection of their lower interest in news. Figure 1.2 shows there are fewer regional news consumers with a high interest in news compared to those in the cities.

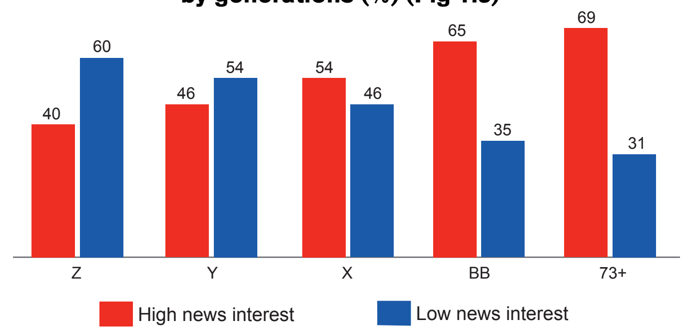
This lower interest in news has remained consistent over the past four surveys.

High interest in news (%) (Fig 1.2)



Across generations, younger news consumers in regional parts of Australia are less interested in news than older news consumers (Figure 1.3). This trend is echoed in major cities as well.

Regional interest in news by generations (%) (Fig 1.3)

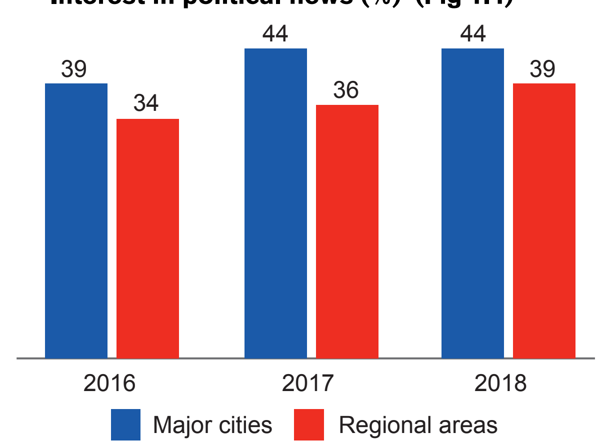


However, the level of interest among regional Gen Z news consumers (40 per cent) is slightly higher than their counterparts in the major cities (38 per cent, table not shown).

Otherwise, regional interest in news is lower across the other generations when compared with the interest of consumers in major cities.

Regional news consumers also have a lower interest in political news specifically. While interest in political news is generally low across the country, Figure 1.4 shows it was 5 percentage points lower in regional Australia in 2018.

Interest in political news (%) (Fig 1.4)

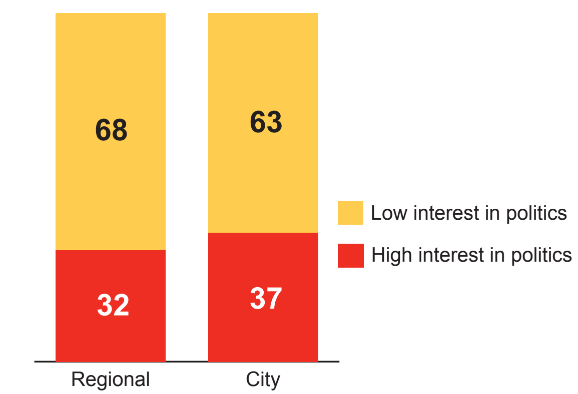


In 2019 participants were asked about their interest in politics generally. Again, regional Australians showed lower interest in politics generally than consumers in major cities.

Less than one-third (32 per cent) of regional news consumers said they had a high interest in politics (68 per cent had low interest) compared to 37 per cent in cities (63 per cent had low interest). (Figure 1.5)

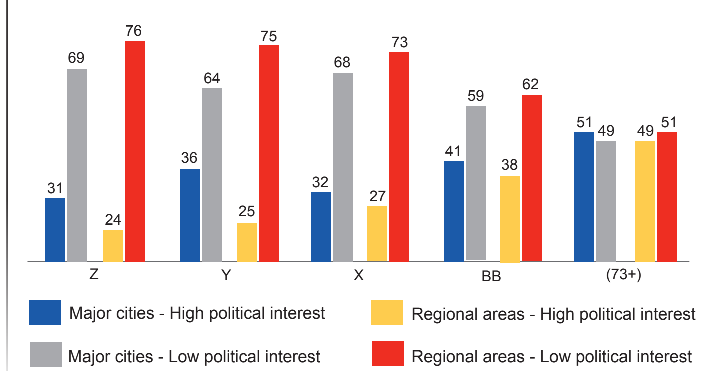
Figure 1.6 shows that younger generations X, Y and Z in

Interest in politics – regional and city (%) (Fig 1.5)



regional areas have lower interest in politics that their counterparts in the major cities. In comparison, there is less difference among the older generations (Baby Boomers and 73+) when it comes to high and low interest in politics.

Generations and interest in politics by region (%) (Fig 1.6)



NUMBER OF NEWS SOURCES AND BRANDS

This section looks at the number of sources used by regional Australians to access news. It finds that people in regional areas and cities consume news via a similar number of sources or channels (TV, online, social media, newspapers, radio, blogs etc), though slightly fewer people in the regions access news via four or more sources or channels.

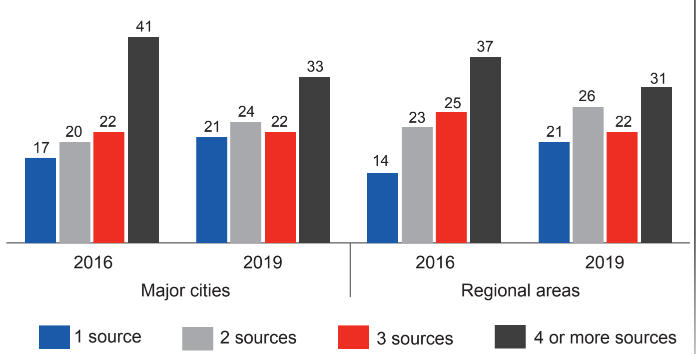
Interestingly, Figure 2.1 also shows that the number of sources being used to access news by Australians in both regional areas and major cities is declining.

We gave 11 types of platforms: television news bulletins or programmes, 24 hour news television channels, radio, newspapers, magazines, website/apps of newspapers, websites/apps of news magazines, websites/apps of TV and radio companies, websites/apps of other news outlets, social media and blogs. We asked if participants had accessed news via these platforms in the past week.

An increasing number of news consumers across the cities and regional areas are choosing just one platform to access news, and the number who are using four or more is declining.

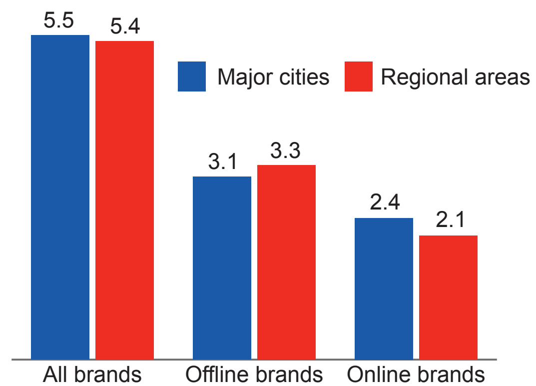
In regional Australia, this is partly a reflection of the ageing population, who tend to rely more heavily on TV as their main sources of news. Among younger generations there is an increasing reliance on social media.

Number of sources to access news (%) (Fig 2.1)



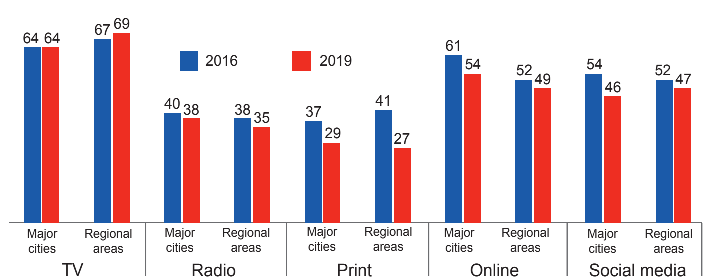
While news consumers in regional Australia use a smaller number of sources (platforms) through which to access news, they use a similar number of news brands. There is very little difference between city and regional news consumers in the average number of news brands used.

Number of online and offline news brands by region (Fig 2.2)



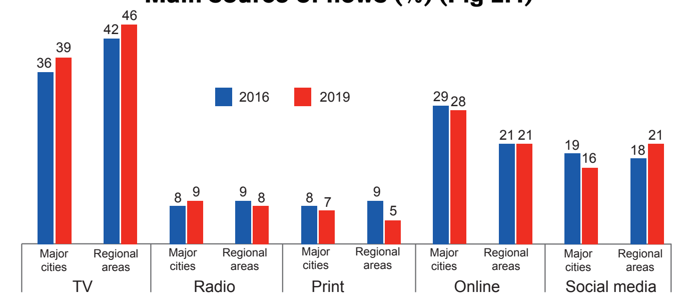
TV remains the most common method of accessing news across the country. However, in regional areas, TV is used more heavily as a general source of news than in the cities and has remained fairly steady over the past four years. In contrast, the use of social media and newspapers has dropped.

General sources of news (%) (Fig 2.3)



Not only is TV the most popular source of general news in regional areas, it is the leading main source of news for all Australians, especially in regional parts of the country. As Figure 2.4 shows, in contrast to the growth in TV as a main source, there has been an equivalent decline in the use of newspapers as the main source of news in regional areas. The use of social media as a main way to access news has also increased slightly in regional areas and declined slightly in major cities.

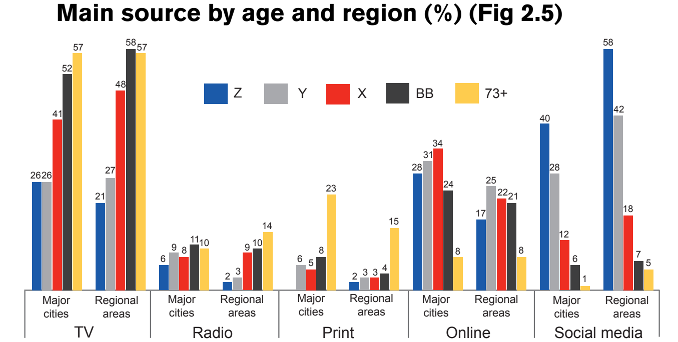
Main source of news (%) (Fig 2.4)



When we look at the main source of news through the lens of different generations, it is clear the high reliance on TV is largely coming from the older and ageing population. However, Figure 2.4 shows Gen X in regional areas are also more likely to rely on TV as their main source of news. One of the most striking differences is the high level of reliance on social media for news by Gen X and Y.

For both generations, dependence on social media platforms for news is considerably higher than in the cities. Figure 2.5 also clearly shows the low reliance on print newspapers by all generations in regional Australia. Across all age groups, newspaper consumption is higher in the cities. Similarly, online news consumption is higher in the cities though comparable for Baby Boomers and those aged 73+.

Main source by age and region (%) (Fig 2.5)

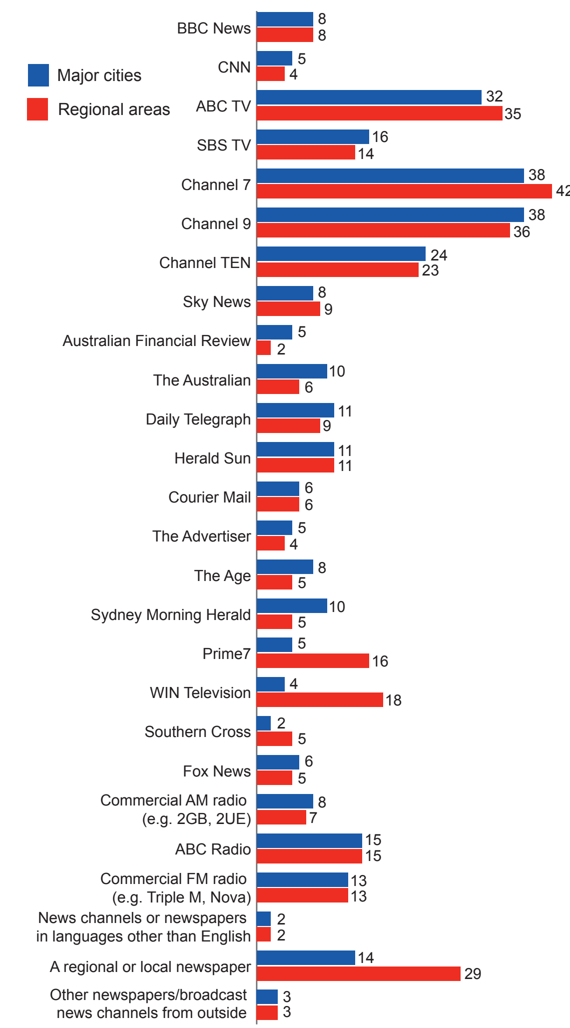


One of the most concerning findings of the age-based data and main source of news relates to the future of print newspapers. Those aged 73+ are overwhelmingly the highest readers of newspapers in regional areas and cities. It remains to be seen if the generation of Baby Boomers will increase their newspaper usage as they age. Trends in the data suggest the proportion of newspaper readers is set to decline further as this current generation of 73+ moves on.

Despite a drop in regional news consumers relying on newspapers for news, 30 per cent have accessed a regional or local newspaper. Data for 2019 shows that commercial TV station Channel 7 is the most popular traditional news brand followed by Channel 9 and the ABC. Regional and local newspapers are a close fourth. There were differences between urban and rural consumers in the brands they consume.

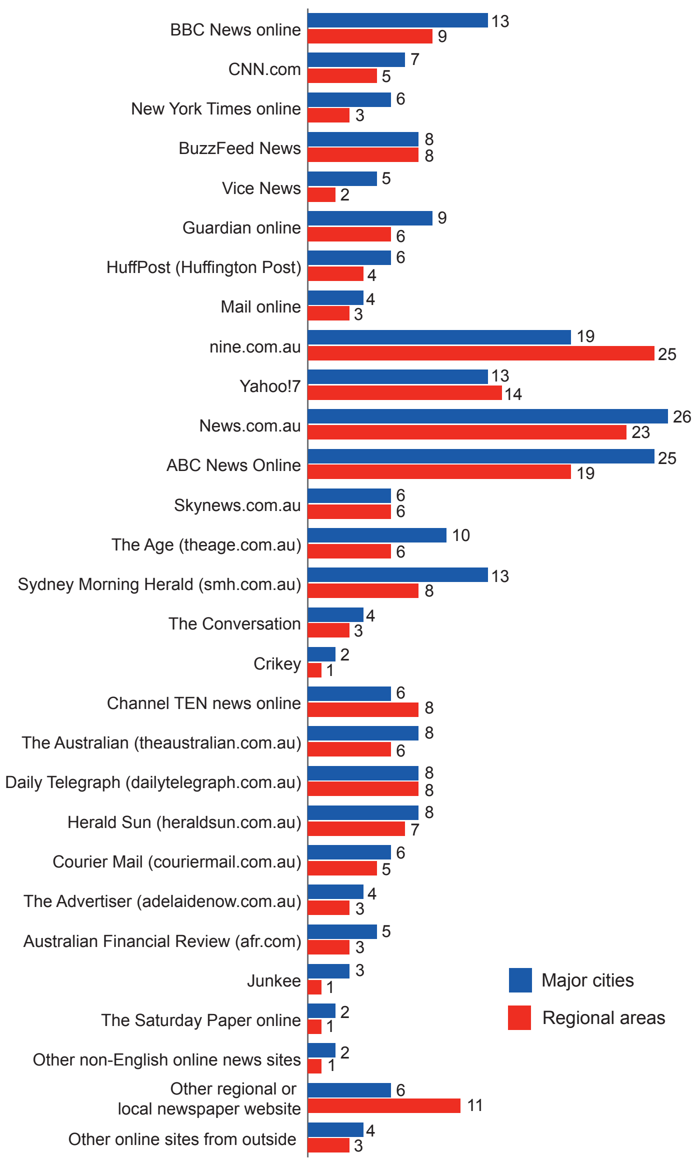
Twenty-nine per cent of regional news consumers access their regional or local print newspaper; 42 per access news from Channel 7, 35 per cent from Channel 9, and 35 per cent from ABC TV. This contrasts with urban areas where only 14 per cent of consumers access a local or regional newspaper. Regional news consumers still heavily rely on print media to get local news.

Offline brand access by region (%) (Fig 2.6)



The same pattern of consumption was mostly replicated online. However, some popular offline news brands in regional areas did not have the equivalent audiences online. For example, ABC News Online was only used by 19 per cent of regional news consumers, which is a significantly lower figure compared to 25 per cent of urban news consumers who access ABC online. It should be noted that 11 per cent of regional news consumers accessed local or regional online news sites, which is higher than those in urban areas (6 per cent) (See Figure 2.7).

Online news brands by region (%) (Fig 2.7)



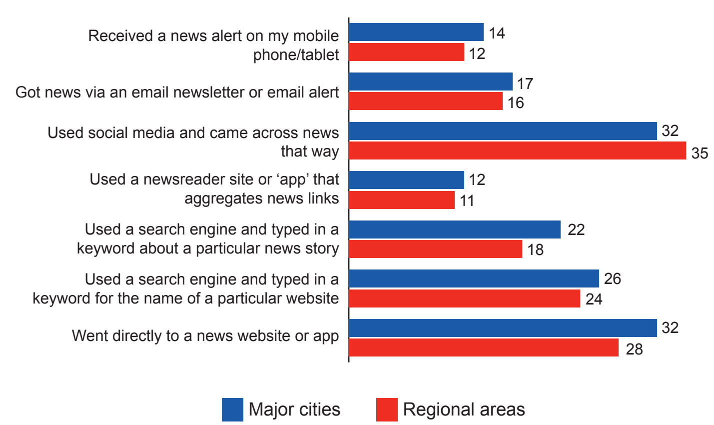
More than a quarter (28 per cent) of regional news consumers did not access any online news brands. Reflecting the popularity of TV as a source of news, the most used online news sites are broadcast TV based, such as nine.com.au and ABC online. This reflects global behaviour by news consumers who transfer their loyalty and trust established in traditional offline brands when consuming online news.

PATHWAYS TO ONLINE NEWS

When accessing news online, consumers can take a range of direct and indirect pathways. Direct pathways to news are going straight to a news website or app or searching for a brand to get news. We define all other methods as "side-door" access to news. These include receiving news alerts or searching for a story, bumping into news while on social media, getting email newsletters, and accessing news through aggregated news providers.

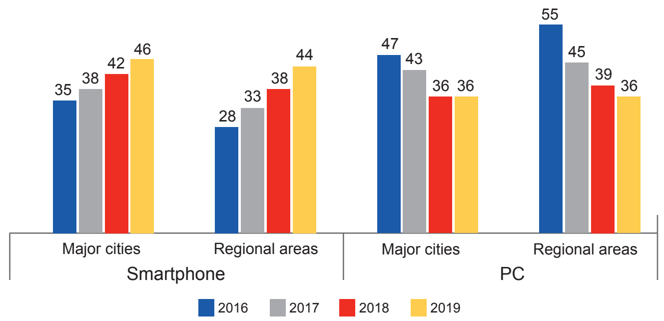
In figure 3.1, we find there is not a great deal of difference in the pathways to news used by urban and regional news consumers, but there are minor distinctions. Regional news consumers are slightly less likely than urban consumers to seek news directly and are slightly more likely to access news indirectly via social media. This is likely due to regional Australians' lower interest in news.

Pathways to online news (%) (Fig 3.1)

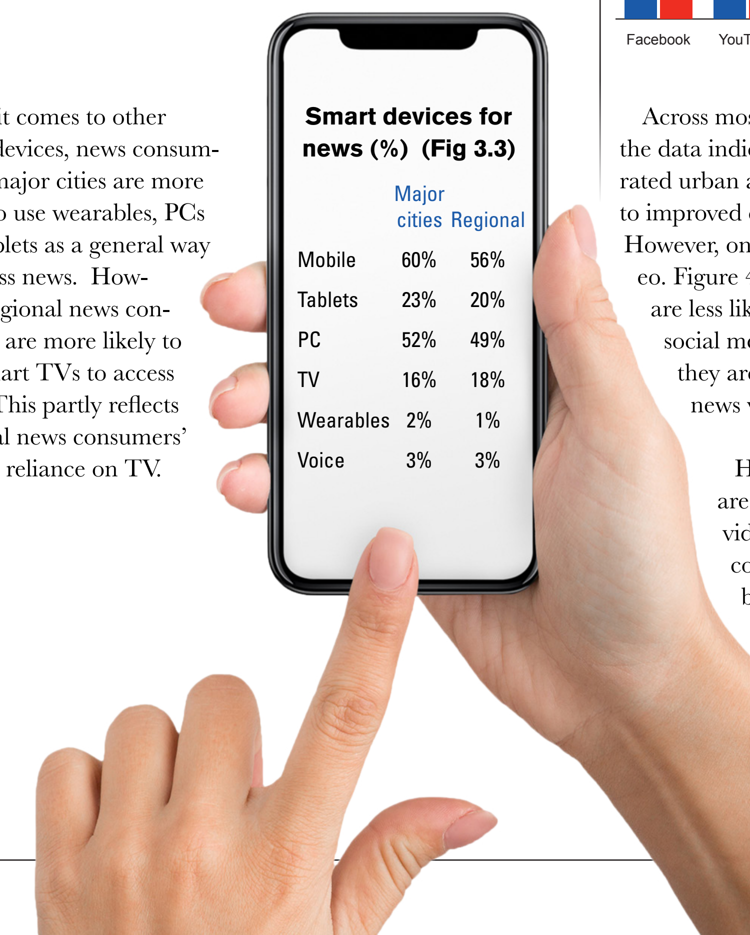


Across Australia, smartphones have increasingly become the main device through which people access the news. However, in regional parts of Australia, this is occurring faster. Figure 3.2 shows news access via computers has decreased more sharply in regional areas than cities, from 55 per cent in 2016 to 36 per cent in 2019. It also shows the use of smartphones for news has risen much more rapidly in regional areas, catching up with usage rates in major cities.

Smartphone & pc for news (%) (Fig 3.2)



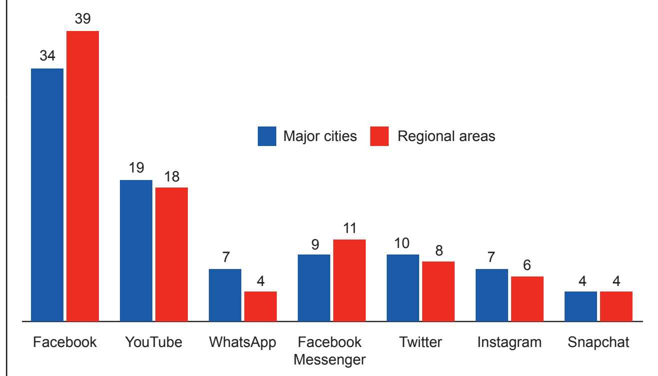
When it comes to other smart devices, news consumers in major cities are more likely to use wearables, PCs and tablets as a general way to access news. However, regional news consumers are more likely to use Smart TVs to access news. This partly reflects regional news consumers' greater reliance on TV.



SOCIAL MEDIA AND NEWS

In this section, we analyse the use of social media for news by regional Australians. We find that Facebook and Facebook Messenger are more popular social media platforms for news in regional areas than in cities. In contrast, WhatsApp and Twitter are slightly more popular among urban news consumers. The higher use of Facebook is partly a reflection of the ageing population. While all generations tend to use Facebook, of all of the social media platforms, Facebook is the one older Australians are the most likely to use for finding or sharing news.

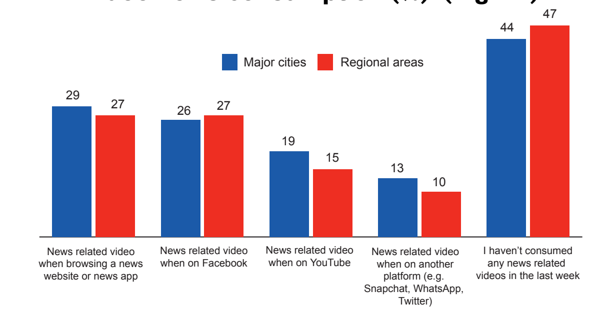
Social media brand for news (%) (Fig 4.1)



Across most of the other news consumption measures, the data indicates that the "digital divide" that once separated urban and regional Australians is rapidly closing due to improved connectivity and affordable smart devices. However, one gap remains in relation to online news video. Figure 4.2 (overleaf) shows that regional consumers are less likely to watch news video on YouTube or other social media platforms, except for Facebook, where they are just as likely as urban consumers to watch news video.

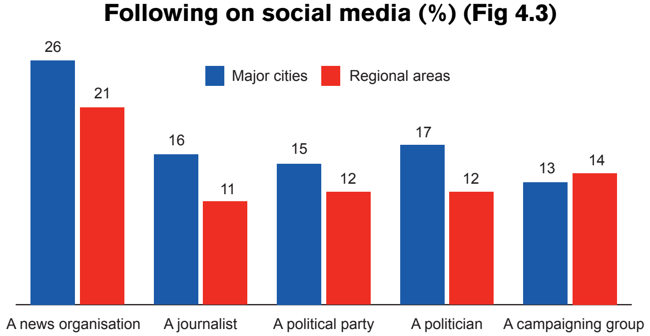
However, overall, regional news consumers are less likely to have watched any online news video in the past week. This might reflect poor connectivity in certain parts of the country, but it might also reflect a lower need to watch online video because there is higher viewing of traditional TV news.

Video news consumption (%) (Fig 4.2)



News consumers in regional Australia are less likely to follow account pages of journalists, news organisations, politicians and political parties, than those who live in metropolitan centres. This reflects the fact that Australian news consumers outside of the major cities have lower interest in news and politics. Interestingly, they are just as likely to follow a campaigning group that advocates on issues that are relevant to them. Overall, the percentage of urban news consumers who do not follow any media or political organisations on social media is 58 per cent, compared to 67 per cent for regional news consumers.

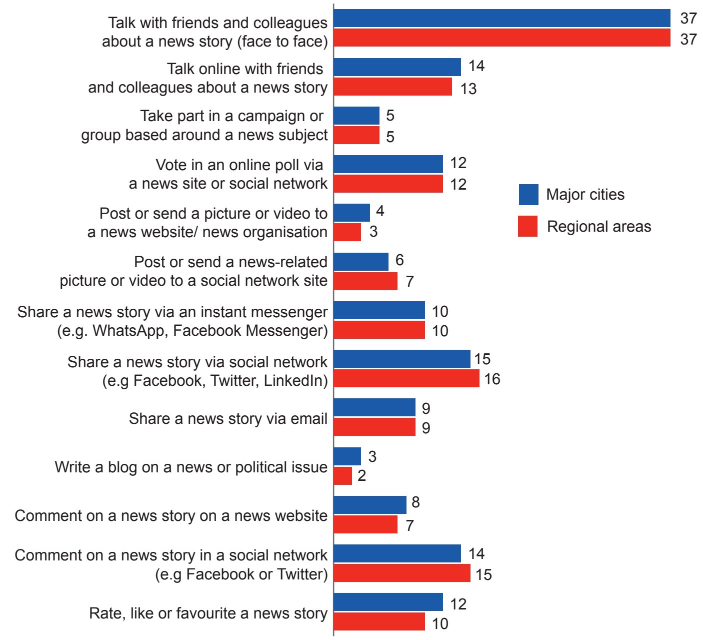
Following on social media (%) (Fig 4.3)



ONLINE NEWS ENGAGEMENT

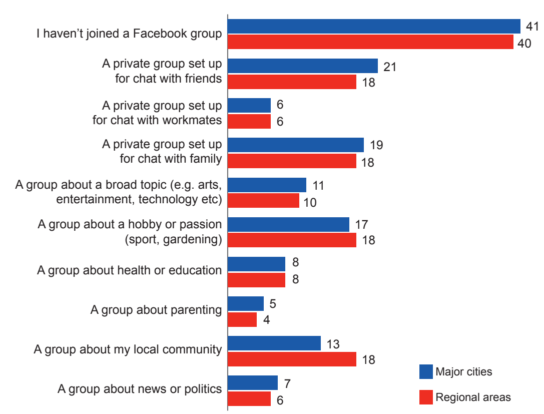
In contrast to the lower "following" behaviour described above, the data shows that regional news consumers are just as actively engaged with online news content as those in the cities. In the case of commenting on a news story or sharing a news story on a social network, regional news consumers are slightly more inclined to do so. Whether you live in the bush or in the city, talking about news face to face with friends, family or colleagues is still overwhelmingly the most popular way for Australians to engage with news.

Online news engagement (%) (Fig 5.1)

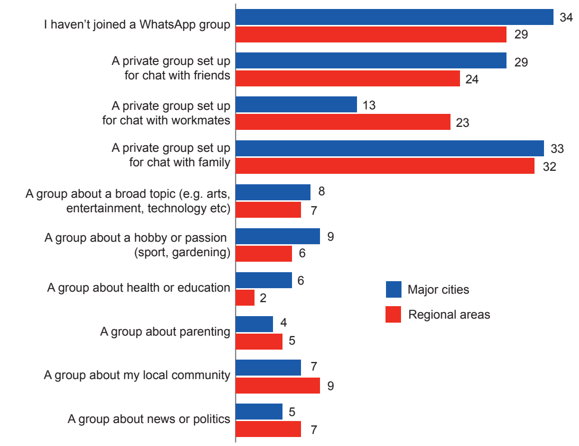


The uses of private and public groups on Facebook were similar among urban and regional news consumers (Figure 5.2). However, the uses of WhatsApp for group discussions among regional news consumers are higher compared to urban consumers. The majority (71 per cent) of regional news consumers are using the group function on WhatsApp. About a quarter (23 per cent) of regional news consumers participate in a WhatsApp private group set up to chat with work colleagues, and 32 per cent use it to chat with family members (Figure 5.3).

Facebook groups by region (%) (Fig 5.2)



Whatsapp groups by region (%) (Fig 5.3)

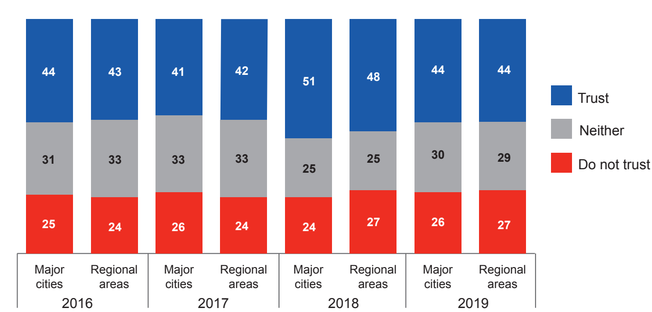


TRUST IN NEWS

Questions about trust in news are an imperfect measure (Fisher, 2016). However, they do give a general indication of audience perceptions of news credibility.

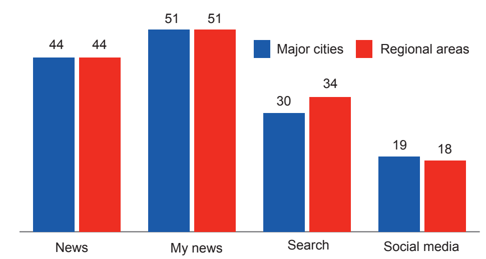
Despite regional news users having lower interest in news and lower consumption than urban Australians, levels of general trust in news between the two cohorts have been consistently similar over the past four years. While overall levels of trust have fluctuated, the degree of difference between city and regional news consumers is negligible (Figure 6.1).

General trust in news (%) (Fig 6.1)



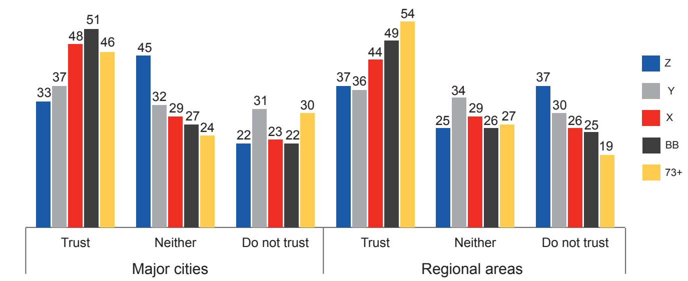
The biggest difference can be seen in relation to trust in news found via search engines (Figure 6.2). News consumers in regional Australia have slightly higher trust in online news than their city counterparts, but have roughly the same level of trust in news found on social media.

Trust in different news types (%) (Fig 6.2)



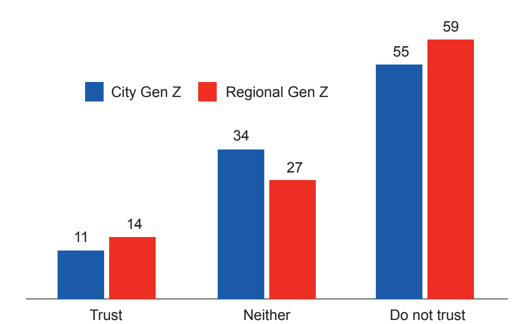
In regional Australia general trust is higher among Gen Z and 73+ than in the cities. But Gen Z in regional areas also has higher distrust in news generally (Figure 6.3).

Trust by generation and region (%) (Fig 6.3)



While trust in news found on social media is the same across regional and urban Australia, there are differences within generations, most notably among Gen Z. Figure 6.4 shows that Gen Z in regional areas are more likely to trust news found on social media compared to their counterparts in the major cities. This may be because 41 per cent of Gen Z finds news to be irrelevant to their lives. This figure is the highest among all age groups (see Figure 7.2 overleaf).

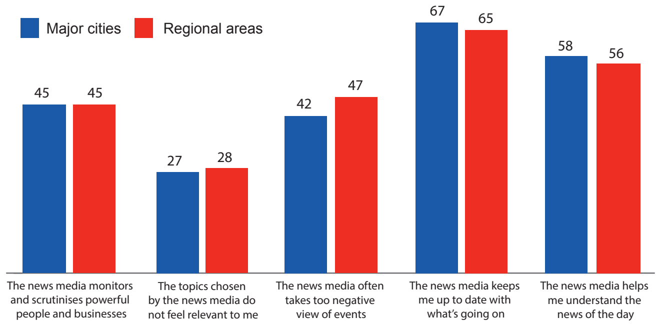
Trust in news on social media by generations (%) (Fig 6.4)



NEWS PERFORMANCE

In 2019 we asked news consumers to assess the news media's performance across five criteria of scrutiny, negativity, relevance, keeping people up to date and explaining event. There is little difference between cities and regions, except for negativity. News consumers in regional areas are more likely to think the news is often too negative compared to those in major cities. (Figure 7.1).

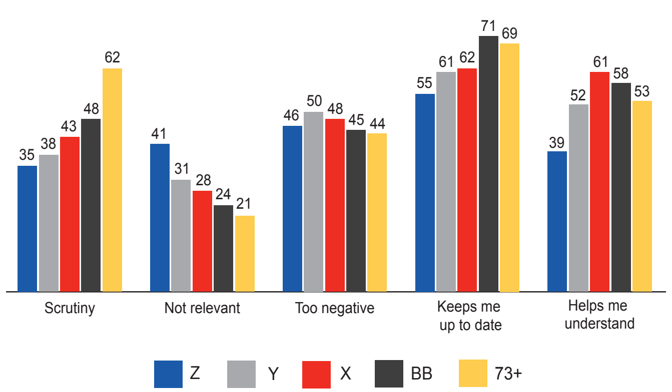
News performance (%) (Fig 7.1)



When we look at news performance across generations, there are big differences. Gen Z in regional areas are the least likely to think the news media holds the powerful to account, keeps them up to date or helps them understand events of the day. They are also more likely to think stories in the news are not relevant to them and are often too negative, more so than their counterparts in the city.

NEWS AVOIDANCE, CONCERNS ABOUT

News performance by age in regional areas (%) (Fig 7.2)

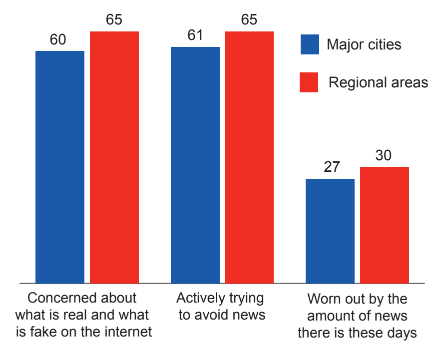


FAKE NEWS AND NEWS FATIGUE

News consumers in regional areas are more concerned about what is real or fake on the Internet, are more likely to avoid news, and are more likely to feel worn out by the amount of news. About two-thirds of regional news consumers are worried about fake news.

The same proportion of news consumers in regional areas try to avoid news. Almost one-third of regional news consumers are worn out by the volume of news (Figure 8.1). Concern about fake news is strongly linked to news avoidance and news fatigue, which is the case in regional areas.

Fake news, news avoidance and news fatigue by region (%) (Fig 8.1)



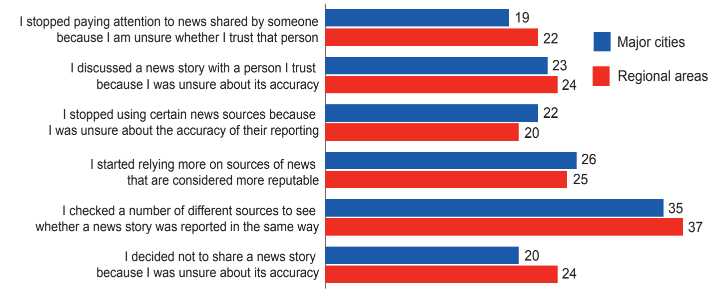
FACT-CHECKING

In response to the public concern about the need for citizens to verify the news they use online, this year we asked participants what fact-checking activities they have engaged in over the past 12 months, if any, when deciding to read or share a story online.

Most Australian news consumers did not adopt any news verification behaviours, however 35 per cent of city news consumers and 37 per cent of regional news consumers say they did compare the reporting of a story across news outlets to check its accuracy, and 26 per cent of city news consumers and 25 per cent of regional news consumers say they began to use more reliable news sources (Figure 9.1).

A higher proportion of regional news consumers (24 per cent) decided not to share a news story because they were

Fact-checking activities by region (%) (Fig 9.1)

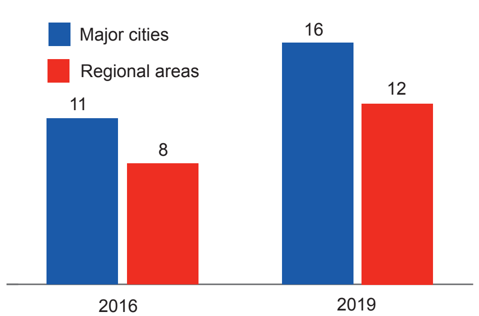


unsure of its accuracy, compared to urban consumers (20 per cent). Furthermore, more regional news consumers (22 per cent) say they stopped paying attention to news shared by someone because they do not trust the person, compared to 19 per cent of urban consumers. Regional news consumers are slightly sceptical of the news environment and engage in verification activities to reduce the uncertainty. This is consistent with the fact that those who are concerned about what is real or fake online say they are much more likely to engage in verification activities than those who are not concerned. Regional Australians who are concerned about what is real and fake on the Internet are starting to act on this concern by engaging in various fact-checking activities.

PAYING FOR NEWS

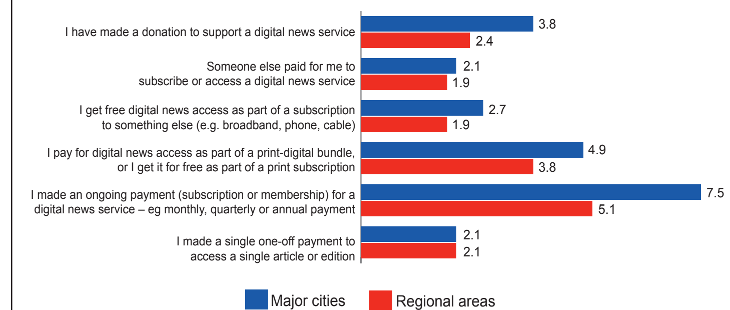
News consumers, in general, are reluctant to pay for news, regional consumers more so. While the overall willingness-to-pay has increased somewhat from 2016 to 2019, in both urban and regional areas, the gap in the paying for news between regions has not narrowed. In 2019, only 12 per cent of regional news consumers say they have paid for online news. This is still a lower figure than 16 per cent of urban news consumers who say they have paid (Figure 10.1).

Paying for online news (%) (Fig 10.1)



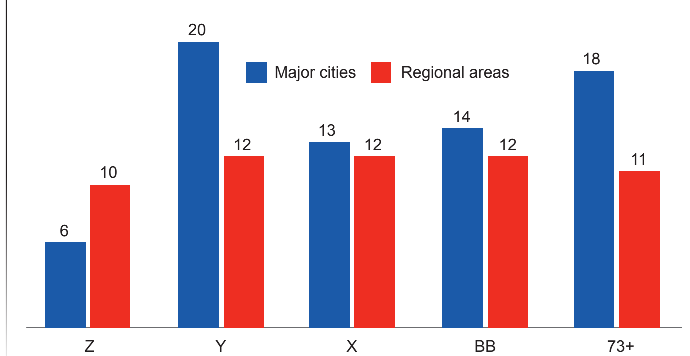
Among those who do pay, the most common method of paying is to make an ongoing payment for a digital news service (major cities, 8 per cent; regional, 5 per cent). These subscribers are news consumers who are prepared to pay solely for an online news subscription, which clearly indicates a willingness to pay for the news itself. Regional news consumers purchase single articles as a one-off payment just as much as urban consumers. However, in all other types of payment, the figures are considerably lower in regional areas. Notably, donation in regional areas (2.4 per cent) is much lower than in urban areas (3.8 per cent) (Figure 10.2).

Payment type by region (%) (Fig 10.2)



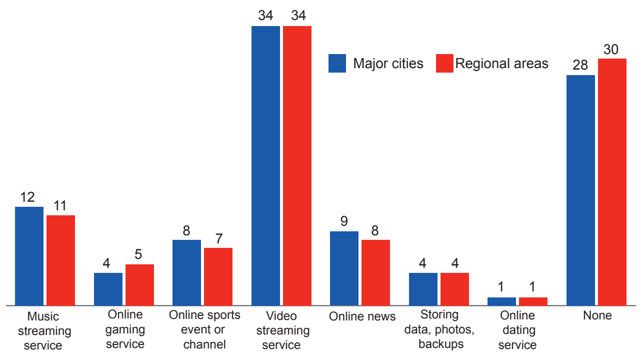
A higher proportion of Gen Z (10 per cent) in regional areas pay for news compared to urban youth (6 per cent). This is reversed among Gen Y where urban Gen Y pay more (20 per cent) and regional Gen Y pay less (12 per cent). Urban Gen Y is, in fact, the highest paying group among all age groups. The next is urban 73+ with 18 per cent of this senior group paying for news (Figure 10.3).

Paying for news by generation by region (%) (Fig 10.3)



We asked survey participants to choose which subscription services they would pay for if they could select just one. Only 9 per cent of urban news consumers and 8 per cent of regional news consumers chose online news subscription as their first priority from seven different types of digital subscription services. Video streaming services were the most popular first choice (34 per cent in both major cities and regional areas), followed by music streaming services (major cities, 12 per cent; regional, 11 per cent). Many people (major cities, 28 per cent; regional, 30 per cent) did not want to pay for any of these services (Figure 10.4).

Digital subscription preference by region (%) (Fig 10.4)



DISCUSSION

The data provided here offers important insights into the changing nature of news consumption in regional Australia, particularly in relation to levels of engagement and interest in news, the loss of newspapers, endurance of TV, and the persistent digital divide.

INTEREST IN AND ACCESS TO NEWS

The 2019 DNR Australia shows there is very little difference between rates of Internet access between regional and city news consumers. Ninety-two per cent of urban news consumers in Australia are "heavy" Internet users and access the Internet for any purpose more than once a day. Similarly, 90 per cent of news consumers in regional Australia access the Internet more than once a day. While the difference is small, these findings have been consistent across all of the Australian Digital News Reports (Park et al, 2018; Watkins et al, 2016; Watkins et al, 2017; Fisher et al, 2019).

These lower levels of interest and access are largely a reflection of the demographic make-up of regional and rural Australia. As the 2016 ABS Census data reveals, communities in regional and remote Australia have lower incomes and lower education. This is reflected in the samples of the survey participants in all surveys 2016-2019. These demographic factors have strong links to lower interest in news and politics, and lower engagement. Further, the population has a higher proportion of elderly people than metropolitan centres. The impact of lower education and income, plus an ageing population, is clearly reflected in most of the findings in this chapter.

Despite this, when it comes to news brands, it is clear that regional news consumers are loyal to local newspapers and regional TV news providers. The use of local newspapers is much higher in regional areas than in the cities. This reflects the central role of local media in building community identity and sense of cohesion (Ewart, 2000; Richards, 2013). As Hess, Waller and Freeman argued in a submission to the Finkelstein Inquiry; "declines in rural and regional news do not mean there are declines in demand for local news". As they point out, local outlets connect people and keep people up to date with what is going on in the local community. While there has been an increase in national and international news available online, this has just amplified the growing gap in local news provision (Waller & Hess, 2015).

THE DIGITAL DIVIDE

Although Internet and broadband penetration have increased over time in Australia, the issue of digital divide persists because the gap between urban and rural areas' access to the Internet has not narrowed (Thomas et al, 2018). Parts of rural Australia continue to be at a persistent digital disadvantage when compared to major cities (Park, 2017). A report into broadband availability by the Department of Communications in 2013 found there remain areas in regional and remote parts of the country, as well as in small pockets of outer metropolitan and metropolitan areas, with inadequate access to infrastructure, such as fixed broadband (Dept of Comms 2013 in Hess, Waller and Freeman p 4.).

These inadequacies in connectivity are, in part, reflected in the differences between news consumers in major cities and regional areas. The poor connectivity in regional areas combined with lower education and income levels reflect the preference of TV news in regional areas. With the emergence of the Internet and digital publishing, 3-5G networks, Wi-Fi and mobile technology, the divide is narrowing. This is true in Australia and other countries with dispersed populations.

In response, news consumers in regional and remote parts of Australia have increasingly and rapidly taken up mobile technology and begun using it as a main device through which to access news. While there remain pockets of remote Australia with poor reception, the vast majority now are accessing news online and on their phones. However, it must be stressed that reports into mobile coverage find poor mobile coverage and limited capacity to connect to the Internet is still a significant issue for some parts of rural and remote Australia (Regional Telecommunications Reviews 2012, 2015). The data shows use of laptop and desktop computers is falling faster in regional Australia and the use of mobile phones is rising faster. This shift began in 2015 following "Mobilegeddon" when Google began ranking websites that had adapted their content to suit mobile phone requirements. News organisations who publish across platforms have moved quickly to create mobile friendly news content to meet this growing market (Martin, 2016).

The rapid uptake of mobile phones by regional news consumers strongly indicates that there is a shift in the digital divide in regional and urban Australia. The one area of online news consumption that still shows a divide is news video. Regional and rural consumers are accessing news video less than those in the cities. This could be due to a range of factors such as problems with connectivity, data costs and allowances on mobile phones, and that regional consumers are still heavily reliant on free-to-air TV and may not have a strong need to watch additional online video. Other than news video, the differences in news have been reduced. As such, studies show that depending on mobile technology can result in another type of digital divide, where the types of content that are accessed via mobile phones are significantly different from content consumers access on their computers (Thomas, Wilson & Park, 2018; Park, Freeman & Middleton, 2019). Furthermore, even though mobile coverage might have improved considerably, at the local level, the reception is sporadic and interrupted (Freeman, Park & Middleton, 2019).

THE LOSS OF NEWSPAPERS

The decline in newspapers has been felt globally following digitisation and the shift of print advertising sources online. In Australia, the decline of newspapers has been felt hardest in regional and rural areas. The New Beats project estimates more than 1,000 jobs were lost from print newsrooms in 2012 (Zion et al, 2016; Zion et al, 2017; O'Donnell et al, 2016) and it is estimated a further 2000 have been lost since then (Zion et al, 2017). At *The Newcastle Herald*, editorial staff has been cut from about 100 to fewer than 24 (Ellingsen, 2019). The decline in newspapers is clearly reflected in the data which shows a rapid drop in the use of newspapers by regional and rural news consumers since 2016. The fall is much stronger than in major cities, where consumption has been quickly migrated to online platforms. Regional news consumers still rely heavily on local and regional newspapers. The closing of local newspapers is anticipated to have a larger impact on regional news consumers, as the alternatives to print are fewer than in major cities.

THE ENDURANCE OF TV

Across the world TV news endures as the most used source of news. Despite predictions that the Internet would see an end of TV news, its audience has remained strong, particularly in Australia. Industry research, including the *Digital News Report* Australia, continues to find that TV is the most popular main source of news and the most trusted. Research suggests that the popularity of TV stems from its flexible range of content from hard news to human interest. Although people watch TV news for different reasons – entertainment as well as information seeking – TV news offers both serious news and diversion (Henningham, 1982). Australians have had the luxury of access to free, quality TV news from both commercial and public broadcasters. In response, Australian news consumers continue to access news that is free, rather than pay for it.

The data shows that regional news consumers are much more dependent on TV for news than people in the city. This is true across all age groups, but particularly the elderly. This rise in the use of TV for news also corresponds with the fall in newspaper use and might reflect the closure of local newspapers and people turning to TV instead. There has also been a corresponding increase in the use of social media. This also suggests that people have turned to social media and TV to replace the absence of local newspapers. The data also tells us that people who rely on TV news tend to have lower levels of income and education. This correlates with the demographic profile of regional Australia, which has an overall lower level of education and income in comparison to cities.

Interestingly, news research from Sweden suggest there is a link between commercial TV news consumption and lower levels of political interest (Strömbäck & Shehata, 2018). Based on four representative surveys of TV news consumers during and outside of election periods, the researchers find there is a correlation between higher political interest and those who consume news from public broadcasters, and lower political interest from those who consume news primarily from commercial TV news outlets. Given the high dependence of regional news consumers on TV sources for their news, this might contribute to an explanation for why news consumers in regional and rural Australia have lower interest in politics and lower interest in news.

It is also clear from the data that there is a generational shift occurring in the cities and regional areas. While TV remains dominant, the data points to a decline in audiences over time in line with generational change.

RISE IN SOCIAL MEDIA USE

As mentioned above, the loss of regional newspapers has seen a corresponding increase in the use of TV and social media for news. This is particularly true among younger news consumers in regional areas. Again, those who rely on social media to access news tend to be younger, have lower education and income, as well as lower interest in news and politics. Despite this, one of the key differences in news consumption between those in regional Australia and cities is online news engagement. In the context of the data in this report, that refers to the amount of sharing, liking and commenting by news consumers on stories they find online and on social media.

Across a range of activities, news consumers in regional Australia have higher levels of engagement activity, particularly in relation to sharing and liking. They also

are equally likely to discuss news face to face. These two findings are possibly linked to the geographic proximity between users. It may well be harder for people in regional and rural areas to meet face to face to discuss news and current events, hence sharing via social networks is a more efficient way to stay in contact and informed about topical issues.

Among younger news consumers, the use of social media to share news is well established globally (Rosengard et al, 2014; Kümpel et al, 2015). However, following scandals around data breaches and the spread of fake news, plus changes to the algorithm regarding the priority of news content, the use of Facebook for news has fallen globally. This is true in Australia as well. The *Digital News Report Australia 2019* report finds a decrease in the use of social media for news, but a rise in the use of YouTube, Instagram and Snapchat. But this is not the case in regional Australia, where the data shows an increase in the use of Facebook for news. Again, this might reflect the diminishing range of newspapers in regional and rural areas and the rapid rise of mobile use by regional news consumers. In line with higher use of Facebook, regional news consumers also show higher levels of trust in news found on social media. This is partly a reflection of the fact that people tend to trust the news they consume. However, the situation in regard to regional Australians is more complicated. Trust in social media is more generally correlated with lower education, lower income and lower interest in news, but regional news consumers (who have comparatively lower income, education and interest) have lower trust in the news generally. This difference in perceptions of trust highlights the complexity of notions of trust and what influences those perceptions, whether it be the content, the journalist, the brand, the channel or the person who shared the news with them on social media (Fisher, 2016).

This is also supported by the fact that regional news consumers are less likely to directly seek news online by going straight to a news website. Instead, they are more likely to bump into it on social media. In a sense, regional news consumers are less likely to be 'news seekers' and more likely be "news opportunists" who simply pay attention to "ambient" news that is mixed in among posts from family and friends on social media (Bruns, 2005; Hermida, 2010). In this way, accessing news becomes more a social activity rather than passive consumption by "spectators" (Jenkins & Deuze, 2008).

CONCLUSION

The data in this chapter from the *Digital News Report Australia 2016-19* confirms concerns about the the decline of newspapers in regional Australia, but it also reaffirms the importance and popularity of local news content. We also need to address the persistent digital divide between rural and urban areas and how that is related to access to news and information. While this data provides a solid overview of the changing nature of news consumption in regional Australia, the sample of news consumers in remote and very remote parts of the country is too small to generalise. More research needs to be done into the news landscape in regional and remote areas, and how local consumers are changing their information diets to make up for losses in local news provision. In particular, online survey methods are not adequate in examining news behaviour in remote regions, as access to the Internet may not be as easy as in urban areas.

These are important questions that have consequences not just for news organisations, but for the identity and strength of local communities, accountability of local governments and citizen participation in democratic processes.

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NOTE: UNLESS LABELLED OTHERWISE, ALL FIGURES IN THIS CHAPTER ARE BASED ON 2019 DATA

CONCLUSION

HEADS *or heads?*

Journalism is a Janus-faced business. It looks to commerce and it serves public good. The former stance makes it vulnerable to the vagaries of economic downturn and technological change; the latter serves to somewhat insulate its consumers from such realities. As such, acts of journalism can be taken for granted.

Digital disruption is not new and neither is it uniform. The full impact of disruption in the regional news media industry has been two decades in the making. We do not know where and how it will end. There are still news media publishers making sufficient money out of print advertising to pay reporters and service the community.

Neither is digital disruption necessarily bad for business. It has opened up a world of great journalism and a plethora of ways to access, share and consume it. The mobile phone is a revolution; digital platforms a transformative experience.

The paradox is obvious: there may never have been a more challenging time to be a journalist and yet there may never have been a better time to be a news consumer.

But for how long can both these statements hold true?

Can journalism continue to be a viable business and provide its public good? The work in this report offers some clues for regional Australia, but wherever you look there are complications:

What will it take to bring them back?

Regional consumers are reluctant to pay for premium news and yet appear more concerned about what is called “fake news” than their city counterparts.

Regional consumers are increasingly moving to digital news delivery and yet print advertising remains the main source of revenue for news providers.

Publishers appreciate that digital platforms, in particular Facebook, improve reach and grow audiences but these companies are also their main competitors.

These are common tensions across the news media landscape. Many publishers are caught between print (currently more revenue yet higher costs) and digital (lower costs but presently far slimmer revenues).

Many consumers have yet to feel the need (or desire?) to financially support their local news.

In fact, some actively avoid it. What will it take to bring them back? What will it take to get them to pay? One of the most sobering results of the CMT’s work with consumers is that most seem reluctant to pay for journalism – even if it were demonstrably of higher quality.

Such responses prompt other questions: what is news for? What sort of news is most valued? What impact does a publicly-funded broadcaster have on local independent news? These questions warrant further work.

Perhaps the most worrisome trend detected in this report – and one in need of deeper investigation – comes from the survey of local government media managers which suggests that there has been a drop off in the amount of local news coverage. The wider concern is that falling local coverage is a precursor to no or little coverage. That is the experience in other countries.

The number of local newspapers in the United States has dropped from 8,972 in 2004 to 7,112 in 2018 (Miller, 2019) – more than 1,800 newspaper are gone and 100 more shifted from daily to weekly publication. This trend, according to the *Columbia Journalism Review* (Allsop, 2019), continues at pace, with many papers that have escaped closure still forced to consolidate and downsize.

The end result: news deserts, places where the news doesn’t grow, where public debate is not seeded. Or ghost papers: publications which may exist in name but are so hollowed out of content as to be devoid of impact and meaning.

As Penny Muse Abernathy, the Knight chair of journalism at the University of North Carolina, says (Miller, 2019): “While there are now about 200 news deserts, there are far more ‘ghost papers’ which pretend to report the news but lack the resources to do so.” She says there are at least 1,000 and perhaps as many as 2,000 papers in such a category.

As mentioned above, this situation has been a long time coming. The newspaper business model has been under severe stress since classified advertising left the building in the first decade of this century. The pace of change since has been unrelenting, its implications profound and hard to keep up with. Here are five trends:

- Audiences have moved away from destination news (daily, hourly, even weekly) to wanting it on-demand;
- Audiences roam free in search of content instead of being captured by a channel, station or paper;
- Social media platforms are placing greater emphasis (greater trust) in news delivered from a friend than a masthead (even if the news was first produced by a masthead);
- Social media platforms have captured the advertising market, know how best to use that ad spend and show clients what impact their money had;
- Journalism is simply trying to do more (to keep up) with fewer resources and staff.

The US is not alone in seeing the emergence of news deserts. In the UK, 83 local news titles – about 15 per cent of the market — have disappeared since 2015, according to as yet pub

What will it take to get them to pay?

lished mapping by the Google News Initiative.

In New Zealand, the number of reporters in regional areas has dropped by about 28 per cent (152 journalist positions) over the past five years, according to the chair of the New Zealand Publishers Association, Rick Neville (Neville, 2019). That situation has prompted Radio New Zealand, publishers and funding agencies for the country's broadcasting sector to join together to pay for journalists to return to regional areas.

The Local Democracy Reporting Service (Peacock, 2019), backed by $NZ1 million of national government funding, will create and make available news for media outlets, private and public, across the country. Its brief will be to report on councils, community boards, council-owned businesses, trusts and health boards.

The NZ scheme has been largely modelled on a BBC-led project in Britain to increase collaborations between the national broadcaster and local commercial news media outlets.

Since the Local News Partnerships (Peacock, 2019) scheme started in 2016, more than 150 British reporters have been employed across 60 locations, producing 60,000 stories for 850 partners across print, online and broadcast outlets.

Earlier this year, the Cairncross Review (Department for Digital Culture Media and Sport, 2019) into the future of the British news media encouraged further development of the scheme and greater collaboration between the BBC and commercial media outlets. In response, the news director of the Australian Broadcasting Corporation, Gaven Morris (Fray, 2019), described the idea as worthy of consideration in Australia.

There is no doubt that the same stress points are at play in Australia. The work by the ACCC, cited in this report and done for its digital platforms inquiry, indicates that news deserts are emerging in regional Australia.

Of the publishers and editors surveyed by CoreData for this project, almost half cited too few reporters as the biggest constraint on news coverage. The vast majority of news organisations have not had an increase in newsroom resources over the past five years and two in five say resources have decreased. The most commonly cited cause of the decrease in newsroom resources was need for efficiency, followed by declining display advertising, though of course the former follows the latter. That is just a snapshot. There is a need for a broader survey of news media outlets and the industry's views about the future of the business.

But what is even less clear is the extent to which news deserts are opening up in Australia — and what, if anything, is filling the void. There have been few attempts to fully map the Australian news ecosystem to understand several key questions:

1. Where do regional news consumers get their news?

2. Where is it produced?

3. How is it delivered and consumed?

4. Who owns the delivery channels for regional news consumers?

5. How many journalists are employed in regional news?

6. What is the turnover of regional news media?

7. How do we measure the quality of regional news media?

8. Are news deserts emerging?

9. What can be done to prevent them?

There are plenty of other questions and avenues for exploration. But these strike us as being among the most pressing.

This report is a state of play. It contains gaps and prompts for further action. But it illustrates the importance of regional news media to consumers, the extent of concern and interest about its vitality and the dire consequences of it failing.

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ABOUT THE CENTRE FOR MEDIA TRANSITION

The Centre for Media Transition works across disciplines to explore and develop responses to: the dramatic and ongoing movements wrought by digital disruption to the media industry; the role of journalism in Australian democracy and the world more widely; and the business models that support a diverse and prosperous industry.

The Centre for Media Transition (CMT) is an interdisciplinary initiative of the Faculty of Arts and Social Sciences and the Faculty of Law. It was launched in July 2017.

It sits at the intersection of media, technology, regulation and business. Working with industry, the academy and other stakeholders, the CMT explores:

- The changing nature of journalistic practice;
- Ways in which citizens and media interact and how regulatory and ethical frameworks might adapt for this environment (this includes issues of digital privacy);
- The ingredients of a competitive commercial media sector, built on sustainable business models and informed by the experience of other disrupted industries;
- The development of a diverse media environment that embraces local, international and transnational issues and debate; and
- Contemporary formulations of the public interest informed by established and enduring principles such as accountability and the public's right to know.

The CMT's published works include reports on digital defamation and trust in news media and it has current projects on industry self-regulation, privacy, news verification, foreign reporting, innovation and press freedom. The CMT has consulted for the Australian Competition and Consumer Commission and the Australian Communications and Media Authority and is the host of the Asia-Pacific bureau of First Draft News.

The Centre hosts public events, conferences and forums on a regular basis. Details of events and the CMT's work can be found at our website at http://bit.ly/2Nr44Hs. You can sign up to our regular newsletter at http://bit.ly/2lXvs6D.