

NEWSPAPER PUBLISHING

A POLICY TO SUSTAIN HIGH
QUALITY JOURNALISM
IN IRISH PUBLIC LIFE



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Overview

Newspapers are an integral part of public life in Ireland. The fourth estate plays a crucial role in democratic life which at its best holds the institutions of the state and others to account in the interests of the people. Journalists hold politicians and public institutions to account, which in turn increases transparency and strengthens Irish democracy. Newspapers inform and educate citizens, and provide an important platform for citizens to rally around causes.

Quality journalism, the bedrock upon which people are informed in order to make decisions for themselves is currently jeopardized by a significant downturn in revenues for news publishers in Ireland caused by a number of factors including decrease in print circulation, in print advertising spend and the increasing share of digital advertising revenues enjoyed by major media platforms.

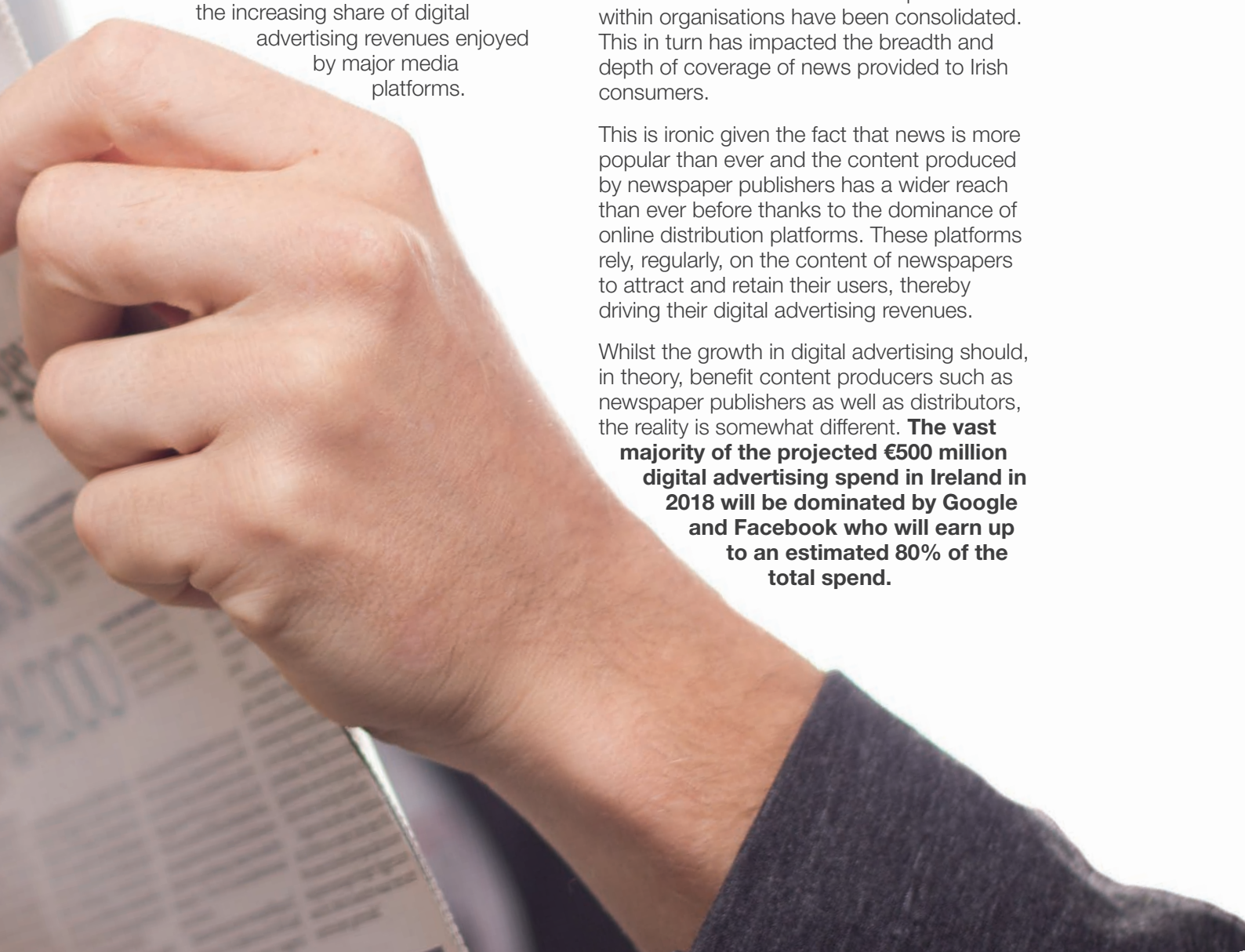
The figures are stark. National Newspaper circulation is down 50% over the past 10 years, and down 35% for local newspapers. Over the same period, advertising revenues for news publishers are down 60% even including digital revenues (see Annex 1).

Inevitably, despite best efforts, this has impacted the ability of newspaper publishers to invest in all aspects of their business including editorial. A significant number of journalists have lost their jobs over the last number of years and editorial newsrooms for different publications within organisations have been consolidated. This in turn has impacted the breadth and depth of coverage of news provided to Irish consumers.

This is ironic given the fact that news is more popular than ever and the content produced by newspaper publishers has a wider reach than ever before thanks to the dominance of online distribution platforms. These platforms rely, regularly, on the content of newspapers to attract and retain their users, thereby driving their digital advertising revenues.

Whilst the growth in digital advertising should, in theory, benefit content producers such as newspaper publishers as well as distributors, the reality is somewhat different. **The vast majority of the projected €500 million digital advertising spend in Ireland in 2018 will be dominated by Google and Facebook who will earn up to an estimated 80% of the total spend.**

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Unfortunately, this has not been to the benefit of newspapers or journalists. The reasons include the shift in advertising spend to online media and the increased competition for that revenue, declining print revenues in terms of circulation (cover price) and advertising spend, and the relatively immature nature of the subscription/paywall model deployed by some newspaper publishers.

“In France, for example, €262 million was made available to newspapers in direct support for distribution, home delivery and modernization and innovation in 2016.”

It is estimated that annual revenue per user from a print customer is €140 per annum whilst that of a digital user is €17. **The exchanging of ‘print euros’ for ‘digital cents’ online inevitably means that Irish newspaper publishers are no longer able to allocate adequate resources to provide high quality journalism.**

These concerns are not confined to Ireland. Countries around the world are grappling with the challenges posed by the growth of the global internet distribution giants and the disruption to the traditional newspaper publisher model. Various competition authorities have launched inquiries into the practices of these behemoths in various markets. In addition, specific policy reviews have been initiated at Government level to assess the threat to high quality journalism and publishing. For example, in Australia, the Senate Committee on Public Interest Journalism has published its report earlier this year containing a number of policy recommendations to help secure the future of Australian public interest content.

The European Commission is progressing the recommendations of the recently published report of the High Level Group on Fake News and Disinformation including support for indigenous newspaper publishers.

And in the UK, Government has launched an independent review into the future of high quality journalism in the UK which will make recommendations later this year on what actions can be taken at industry and government levels to sustain high quality local and national newspapers.

Many other countries already provide significant support for the newspaper publishers both directly and indirectly. **In France, for example, €262 million was made available to newspapers in direct support for distribution, home delivery and modernization and innovation in 2016.** In addition the State provides indirect support such as a 2.1% VAT rate on print and digital and reduced postal rates. The Swedish authorities provide direct subsidies of €65 million in ‘operational aid’ as well as a reduced VAT rate of 6% for printed newspapers. Indeed most European countries provide direct and/or or indirect support for newspaper publishers.

Timmy Dooley TD

**SPOKESPERSON FOR COMMUNICATIONS,
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The importance of Professional Journalism

The increase in ‘fake news’ across the globe particularly in social media has increased the imperative to ensure the widespread availability of impartial transparent news and current affairs coverage to individuals. **In order to continue to provide unbiased, trustworthy fact based news and current affairs coverage relevant for Irish society at the expected standard, adequate public resources must be invested in producing it.**

Whilst news publishers are adapting their activities to address the changing commercial realities including working more closely with the distribution networks, exploring subscription models and paywalls, branded content etc., the economic reality in the sector is resulting in significant editorial cutbacks in newsrooms across the country endangering their ability to invest in in depth professional journalism. **Professionally produced journalism is an essential condition for the survival of modern democracies.** If it disappears, data driven news feeds governed by algorithms will inform society without any of the safeguards associated with professional journalism which may in turn impact on democratic debate in Ireland.

Alan Cox, the CEO of Core Media, the largest advertising agency in the country spoke recently of the potential impact in Ireland

stating “the unintended consequences of closing publishers and broadcasters in this country thereby denying the public of Irish produced analysis, opinion and entertainment which are essential to our democracy and our identity”.

Thus far, the transition to aggregation and digital modes of delivery of content has provided both positives and negatives for media providers and consumers. For existing providers, the platforms and technologies enable them to reach larger audiences and the barriers to entry for new entrants are much lower than before. In the case of consumers, they are in a position to access instantaneously more information and published material than ever before at no financial cost. However, these developments have also led to the significant erosion of publisher revenues both in terms of print circulation and advertising thereby undermining the sustainability of news and journalism leading to reduced investment in quality content.

It is likely that new technologies and changing consumer preferences will emerge over time and result in increased competition in the

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marketplace. Newspaper publishers need to adapt and position themselves to benefit from these changes and indeed some already are doing so. Therefore, it may be tempting to allow the market to dictate how the environment evolves. However, in the short to medium term, Fianna Fail believes that current technological developments, commercial

practices and a competitive environment have created a threat to newspaper publishing and professional journalistic reporting which adheres to standards of transparency, impartiality and integrity (checks and balances, codes of conduct, ethical guidelines) so essential to our democracy.

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Therefore how can we best address that threat and help sustain the sector to make the transition to digital over the coming years and ensure the continued creation of relevant, quality local Irish quality journalism? Fianna Fail believes that specific support for the sector is essential to preserve both the creation and availability of quality content to consumers. A number of specific recommendations are proposed which, if we are in Government, we will seek to implement as soon as possible

The Challenge

Given the importance of Irish newspaper publishers in democratic life and their current position in terms of resources, how can we, as policy makers, ensure that the sector will be in a position to continue to provide public interest journalism for the Irish public?

Strategic Intervention

Fianna Fáil believes that a number of steps must be taken to ensure the long-term viability and health of Irish print journalism.

1 Minister for the Media

Fianna Fail would ensure that a single Cabinet Minister would have overall responsibility for media including news publishing. With media convergence and technological developments occurring so rapidly, we believe it essential that a level playing field for all media is overseen within a single portfolio. This will help to avoid unfair discrimination against a particular sector and provide a more holistic, consistent and informed approach to the Irish media market benefitting not just the media entities but also the consumer.



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2 Expand the role of the BAI

At the time of the BAI's establishment, print media did not need financial support in order to survive. It is increasingly obvious that this is no longer the case. The time has now come for the state to broaden its funding remit of the media.

The BAI is best placed to perform this function and under a Fianna Fail Government it will be expanded to support public interest journalism in the print sector. Since its inception in 2009 the BAI has been highly regarded as a trusted and effective regulator. Its core values of professionalism, impartiality and fairness coupled with a motivation to act in the public interest makes it, in our view, the best entity to tackle the challenges facing journalism in the print media sector.

Print Journalism Unit

We propose the establishment of a dedicated Print journalism Unit, within an expanded BAI. In collaboration with key stakeholders and the Irish Press Council, the unit will develop a strategy to support public service journalism in the print sector. **The unit will develop appropriate criteria and devise innovative new schemes to support the work of journalists, through the dispersal of Grant aid** to support Newspaper publishers in providing public service content at national and local level.

While it is obvious that there must be direct support from the state to the media, there is a clear need to ensure that the funding mechanisms are independent of politics, and that funding cannot be used to achieve political ends.

Therefore, **funding criteria and decisions will be made entirely by this new entity, independent of government and the political system.** Its core objectives will be to ensure a strong and diverse print media sector supporting public interest journalism to the benefit of the democratic life of the Irish State.

Fostering Excellence through Fellowships and Bursaries

We believe that the new BAI unit should create new fellowships and bursaries for journalists starting out in their careers, particularly aimed at underrepresented groups.

The remit of this unit must be wider than ensuring mere survival for the media.

This unit must foster excellence and innovation within the media sector, and ensure that Irish journalism remains at the cutting edge. For example, a number of prominent journalists and stakeholders have highlighted the need for greater diversity within media.

If we are to ensure that a diverse array of topics and viewpoints are adequately represented in our newspapers, we must first ensure that a diverse array of voices is present within our newsrooms. Much of this stems from the expectation and need for new journalists to work in unpaid internships for extended periods of time, thus ruling out so many promising young people who do not have the means to do this.

Training and educational opportunities

This unit should also take the lead on developing new training and educational opportunities for new and experienced journalists. The advent of print sources moving online has broadened the tools available to journalists. Video content, info graphics, and data-driven journalism are new means for journalists to convey their messages, and can be of great benefit to journalists and the public alike. At the same time, acquiring expertise in these areas can come at great expense, and may be unaffordable and unavailable to journalists. We envisage the new unit taking the lead on opening access to these new skills, whether through in-house development opportunities or bursaries to pursue this study elsewhere.

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3 Examine reforms to Ireland's Defamation Law

The area of defamation law is a complex one, and one which requires us to balance a person's constitutional right to a good name and reputation with the democratic need for freedom of expression.

In recognition of the complexity of this area, Fianna Fáil ensured that the Defamation Act 2009 had provision within it to require the Minister for Justice to initiate a review of this act's operation within five years of its commencement. This provision was intended to ensure that the act was operating as it should be and that it was not having unintended consequences. As such, the Department of Justice announced a review to this act in November 2016, the findings of which have yet to be published. In the interests of greater clarity on the future operation of this act, we are calling upon the Minister for Justice to publish his findings as soon as possible.

4 Establishment of an expert group

The advent of the internet has radically changed the context in which the print media operates. Given that the government has yet to commission a specialised report into the impacts that this is having on the Irish media, there is a knowledge gap for policy makers.

In Government, Fianna Fail would establish an expert group which would consider and make recommendations on how best to preserve the future of high quality national and local newspapers in Ireland with particular focus on the advertising supply chain and the role of digital search engines and social media platforms and other content aggregators. This is particularly relevant in the context of initiatives/reviews in other countries including the UK and Australia, which have or are currently engaged in broadly similar exercises.

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5 Online Content Distribution

Fianna Fáil believes that Newspaper publishers should be free to engage in collective negotiations with major online media platforms for distribution of their content as well as collective selling of online advertising inventory, should they so desire. This would ensure greater transparency and efficiency within this system, and ensure that smaller news operations do not suffer as a result of their size.

6 Publishers Copyright

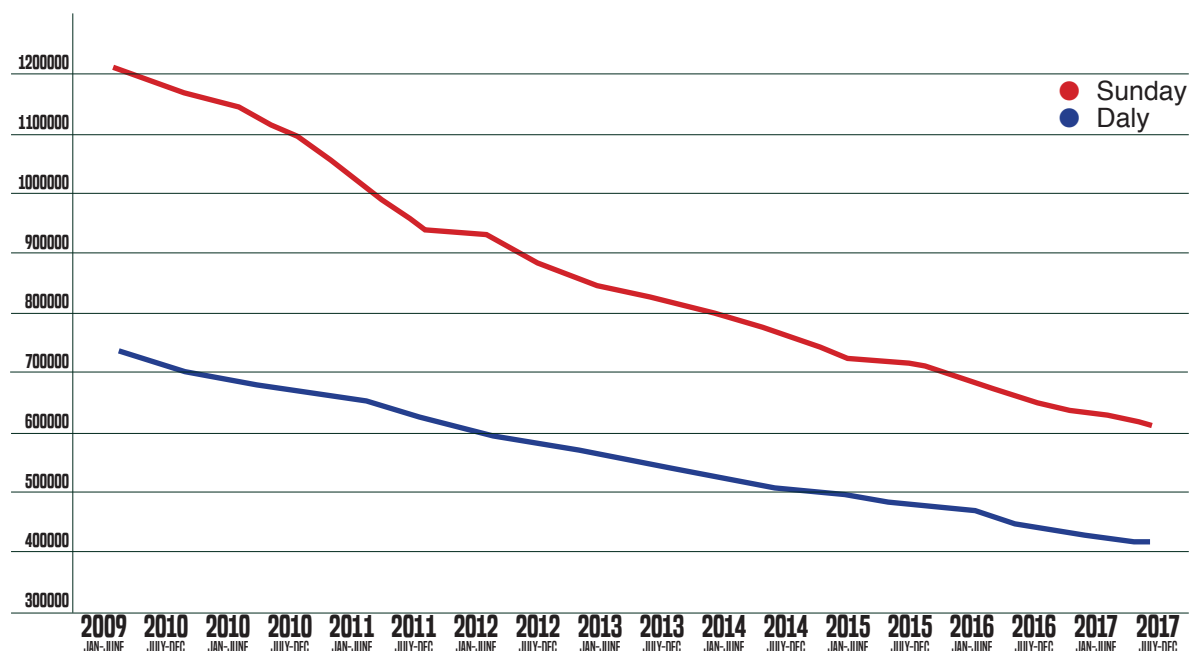
Currently, online content platforms may share snippets of print media content without the permission of the newspaper in question. The European Commission is currently considering proposals to award neighbouring rights to print publishers over their content, similar to those enjoyed by music or film producers. This would ensure that online platforms seek and gain the permission of content publishers when they are seeking to share it through their platforms, thus creating an additional revenue stream for content producers. Fianna Fáil believes that these proposals should be advanced.

7 Funding these measures?





We believe that in order to be effective and impactful and achieve the overall aim of sustaining a competitive and viable news publishing industry in Ireland both national and local for Irish citizens, a minimum of €30 million should be made available for distribution to qualifying entities or projects. There are a few options to achieve this:

1. The current Exchequer VAT receipts from newspaper sales (c.€27 million) could be ring-fenced for the purposes of the new fund;
2. 6% digital advertising levy could be imposed on all digital advertising sales in Ireland, a market which was estimated to be worth around €500 million in 2018 which would yield c.€30million euros to be allocated to the proposed fund. This levy would ensure that the success of online platform does not come at the cost of independent public interest journalism.
3. A combination of 1 & 2 above.

Annex 1: Irish Newspaper Daily & Sunday Market 2009 - 2017



Annex 2: Measures to Support the Global Newspaper Industry

<div>  AUSTRIA </div> <div> 10% VAT ON PRINTED NEWSPAPERS </div> <div> €8.5m SUBSIDIES </div> <div> DIRECT SUBSIDIES </div> <p>Press subsidies of €8.5m in 2017.</p> <ol style="list-style-type: none"> Measures to promote quality in Press Subsidies Act 2004. Subsidies towards cost of training new journalists. Subsidies for employing foreign correspondents. Subsidies for promoting the reading of daily/weekly newspapers. Research and Development. <p>Current reforms under consideration:</p> <ul style="list-style-type: none"> Direct subsidies are under review - expected to at least double More based on numbers of employed journalists More based on types of content and digital innovation <div> INDIRECT SUBSIDIES </div> <p>Reduced VAT rate of 10% (printed newspapers).</p>	<div>  FINLAND </div> <div> 10% VAT ON PRINTED NEWSPAPERS </div> <div> €20m SUBSIDIES </div> <div> DIRECT SUBSIDIES </div> <p>€500,000 (2016) - €20m (2015-'2018)</p> <ol style="list-style-type: none"> Subsidies for national and minority language newspapers, online publications & supplements. Specific fund for media innovation established by Ministry of Transport and Communications. <div> INDIRECT SUBSIDIES </div> <ul style="list-style-type: none"> 10% VAT rate (newspaper subscriptions - up from 9% in 2012.) Standard VAT rate of 24% (single copy & digital editions).
<div>  CZECH REPUBLIC </div> <div> 10% VAT ON PRINTED NEWSPAPERS </div> <div> DIRECT SUBSIDIES </div> <p>None.</p> <div> INDIRECT SUBSIDIES </div> <p>10% VAT rate (newspapers since March 2017). (Standard VAT rate is 21%).</p>	<div>  GERMANY </div> <div> 7% VAT ON PRINTED NEWSPAPERS </div> <div> DIRECT SUBSIDIES </div> <p>None.</p> <div> INDIRECT SUBSIDIES </div> <p>7% VAT rate (single copies & subscription sales). Standard VAT rate of 19% (digital publications & advertising). Reduced postal rates for newspapers.</p>

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BELGIUM

0% VAT

ON PRINTED NEWSPAPERS

DIRECT SUBSIDIES

Based on number of journalists employed, circulation, and advertising revenues.

Eligibility determined by audit conducted by civil servants and third parties.

Subsidies exist for:

- Operational costs
- Development and media innovation
- Internal training of journalists
- For new entrants

INDIRECT SUBSIDIES

- Daily newspapers are exempt from VAT
- 0% rate (single copy sales, subscription sales & newsprint)
- Standard rate of 21% (advertising)
- Standard rate of 21% (digital publications)
- Reduced postal service rates
- Special conditions for journalists using the rail network



IRELAND

9% VAT

ON PRINTED NEWSPAPERS

DIRECT SUBSIDIES

None

INDIRECT SUBSIDIES

- 9% VAT rate (printed newspapers - a temporary reduction introduced in 2011).
- Standard rate of 23% (digital publications).
- VAT rate subject to annual review at Budget time (October 2017).



DENMARK

0% VAT

ON PRINTED NEWSPAPERS

€60m SUBSIDIES

DIRECT SUBSIDIES

1. Subsidy for print and digital publications if employ at least three journalists (i.e. on basis of editorial work).
2. Small amount of development oriented aid directed towards specific projects.

INDIRECT SUBSIDIES

- 0% VAT rate (printed newspapers).
- Standard VAT rate of 21% (digital publications).



LUXEMBOURG

3% VAT

Printed & Digital Newspapers

€7.4m SUBSIDIES

DIRECT SUBSIDIES

€7.4m Available for daily and weekly newspapers, based on eligibility criteria: .

- Must be a paid newspaper
- Must employ at least 5 journalists
- Must contain general information
- Be published in one of the three languages used in the country

Two elements to subsidy: a basic subsidy for all newspapers; and part based on published pages.

New aid for electronic publication to be paid in 2017. €450,000

- Max per publication of €100,000
- Must employ at least 2 journalists
- Publish original content of quality
- Publisher must invest at least €200,000 every year

INDIRECT SUBSIDIES

- 3% VAT rate (print and digital newspapers (contrary to EU Directive in the case of digital. Standard Rate is 17%).
- Aid for distribution.



FRANCE

2.1% VAT

Printed & Digital Newspapers

€262m SUBSIDIES

DIRECT SUBSIDIES

1. Total press subsidies in 2016. **€262m**.
 - Aid for distribution - home-delivery support; €52.96
 - Aid for pluralism for newspapers with lower percentage of advertising; €16.03
 - Aid for modernisation and innovations; €58.85
2. Support for local media. €1.58m
3. Aid to National Press Agency as contribution towards its services to Government and its public interest mission. €132.4

INDIRECT SUBSIDIES

- 2.1% VAT rate (single copy and subscriptions).
- (2.1% has applied to digital newspapers since 2014, contrary to EU VAT Directive 2006/112).
- Standard VAT rate of 20% (advertising).
- Reduced postal rates via a fund to La Poste, which allows a discounted rate to be applied to newspapers.



NORWAY

0% VAT

Printed & Digital Newspapers

€33m SUBSIDIES

DIRECT SUBSIDIES

Production grants for newspapers with circ. of less than 6,000; - Additional aid for secondary newspapers, based on circulation.

INDIRECT SUBSIDIES

0% VAT (printed & digital publications) (Standard Rate is 25%).



SPAIN

4% VAT

Printed Newspapers

DIRECT SUBSIDIES

None

INDIRECT SUBSIDIES

- 4% VAT rate (printed publications).
- Standard VAT rate of 23% (digital publications).

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ITALY

4% VAT
ON PRINTED NEWSPAPERS

€42m SUBSIDIES

DIRECT SUBSIDIES

Direct subsidies since 1981 but a selective measure established in the 1990s;

- Eligibility criteria based on circulation, distribution and production costs in the previous year
- Newspapers must represent a political party
- Must be issued by a cooperatives of journalists
- Must represent language minority or Italian communities abroad
- A minimum percentage relationship between copy circulation and printing (since 2012)
- A minimum number of employees hired, majority being journalists on permanent contracts (since 2012)
- More recently - aid to cover investment in digital publications (to cover 70% of investment costs plus 10% for digital copies sold by subscription);



SWEDEN

6% VAT
Printed Newspapers

€65m SUBSIDIES

DIRECT SUBSIDIES

Current press subsidies are equivalent of €54m. In January 2018, the Government proposed to increase operational aid by 10% and aid for distribution by 50%. This will represent a total increase of 20% over two years, 2018 and 2019 bringing total aid to €65m. The Swedish government is currently awaiting approval from the European Commission for these proposed increases

INDIRECT SUBSIDIES

- 6% VAT rate (printed newspapers).
- Standard VAT rate of 25% (digital publications).



UK

0% VAT
Printed Newspapers

DIRECT SUBSIDIES

None.

Prime Minister Theresa May announced a review into the future of the UK newspaper industry in February 2018. A key role of the review will be to consider sustainable funding models for the printed press.

INDIRECT SUBSIDIES

- Zero-VAT rate (printed newspapers).
- Standard VAT rate (digital publications & advertising).
- A £1,500 business-rates discount for office space occupied by local newspapers (April 2017 for 2 years). Administered by local authority which is reimbursed by government.
- BBC entered into an agreement with the News Media Association (NMA) to spend €8m per year from its licence fee funding 150 local reporters employed by local news organisations (from May 2017).
- Establishment of a BBC news video data bank that local news organisations can use.
- A shared data-journalism hub to provide training and develop data journalism tools.
- Audit of BBC's use of local press material in order to improve links.
- Provinces - some pay the standard tax rate;
- Tax reductions under discussion.



NETHERLANDS

6% VAT
ON PRINTED NEWSPAPERS

DIRECT SUBSIDIES

None

INDIRECT SUBSIDIES

- 6% VAT rate (newspapers)
- Standard VAT rate of 21% (digital publications)
- State Fund for innovation in journalism for all media organisations



PORTUGAL

6% VAT
ON PRINTED NEWSPAPERS

€1.5m SUBSIDIES

DIRECT SUBSIDIES

- Total Direct and Indirect State Aid for local and regional newspapers (and local radio stations)
- Constitution states that State has obligation to support the press.
- 120-150 local and regional newspapers benefit from this Aid (nationals are exempt).
- Based on numbers of journalists employed and circulation.

INDIRECT SUBSIDIES

- 6% VAT rate (printed newspapers).
- Standard VAT rate of 23% (digital editions).
- 40% of the costs of postal distribution of local and regional newspapers paid by government.



SWITZERLAND

2.5% VAT
Printed Newspapers

DIRECT SUBSIDIES

None

INDIRECT SUBSIDIES

- 2.5% VAT rate (printed newspapers).
- Standard VAT rate of 8% (digital publications) but expected to fall to 2.5% from 1 January 2018.
- A distribution fee of around €46m subject to certain conditions, administered by Swiss Post.
- 142 local and regional press titles and 1,046 national newspapers and magazines will benefit in 2017.

Source: Public Affairs Media Policy: Supporting the Media, WAN-IFRA, June 2017.

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