



Communications and Digital Committee

Corrected oral evidence: The future of news: impartiality, trust and technology

Tuesday 27 February 2024

2.30 pm

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Members present: Baroness Stowell of Beeston (The Chair); Lord Dunlop; Lord Hall of Birkenhead; Baroness Harding of Winscombe; Baroness Healy of Primrose Hill; Lord Kamall; Lord Knight of Weymouth; The Lord Bishop of Leeds; Lord McNally; Baroness Primarolo; Lord Storey; Baroness Wheatcroft; Lord Young of Norwood Green.

Evidence Session No. 3

Heard in Public

Questions 34 – 46

Witnesses

I: David Dinsmore, Chief Operating Officer, News UK; Jon Slade, Chief Commercial Officer, Financial Times; Peter Wright, Editor Emeritus, DMG Media; Anna Bateson, Chief Executive Officer, Guardian Media Group.

USE OF THE TRANSCRIPT

This is a corrected transcript of evidence taken in public and webcast on www.parliamentlive.tv.

Examination of witnesses

David Dinsmore, Jon Slade, Peter Wright and Anna Bateson.

Q34 **The Chair:** This is the Communications and Digital Select Committee and we are continuing our inquiry into the future of news. We have two panels of witnesses this afternoon. First, we have the national media, and then we have a panel who will be talking about local news and specialist targeted audience news. Can I ask the four witnesses of our first panel to please state the organisation they are representing?

Jon Slade: I am representing the *Financial Times*.

Peter Wright: I represent DMG Media.

David Dinsmore: I represent News UK.

Anna Bateson: I represent the Guardian Media Group.

Q35 **The Chair:** Thank you, all four of you, very much for being here and giving up your time.

We have four categories of questions to go through. The first will be around the economics of news at the moment and then we will move on to the impact of changing economic circumstances and the pace of technological change on the news that you produce. We will then move on to the impact of fragmentation in the media world and audience expectations, and, finally, we will get to government and regulatory questions.

I will start, if I may, with the first group of questions. Obviously, there are four of you and we will not always be looking for an answer from every one of you to each of our questions, but I am going to ask the first question to you all. If you could assist us by being concise in your responses, that would be enormously helpful.

How have the economic conditions changed for the news media over the last few years, and how are you expecting them to change in the future? What is the impact of cost pressures on the value of your journalism and the journalists that you employ? May I start with you, Mr Dinsmore?

David Dinsmore: Thank you for having me here today. I have 30 years' experience in the industry. I started as a reporter in local papers, so I have seen a lot of change over that time, but there is no doubt that the pace of change has accelerated exponentially over the last few years and, as we look into the future, it is going to change again.

When I started out, I was expected to produce words for a print publication. Now we expect our staff to produce for print, digital, radio, audio, podcasts, TV, and video. We need to appear on every platform that you use in your daily lives and every platform that our readers are using. We need to show up where our customers are, when they want us and where they want us. That brings a whole load of cost pressures with it, and trying to find the revenue models that go along with that is a constant challenge as we evolve through it. I am sure, over the course of

the next hour, that we will explore those more deeply. Constant evolution is the name of the game just now.

The Chair: Thank you. Ms Bateson.

Anna Bateson: I agree with that. Obviously, there has been an enormous amount of disruption, with the most significant being the transition from primarily distributing through print, and therefore realising value through the sale of newspapers and advertising, to a model that is now predominantly digital. Everybody here has had to adapt, evolve and, indeed, innovate extensively both to take advantage of what happens from a digital perspective but also to realise value from the audiences that you can build.

We have managed successfully to diversify from an audience perspective to outside the UK, and it is a big advantage now that we have two-thirds of our audience outside the UK. We also diversified away from advertising to be able to unlock reader revenue and follow the audience around the world through a voluntary support model.

Obviously, that is now being disrupted again. The biggest thing we are all grappling with, and is causing us anxiety, is what is going to happen with gen AI. That is going to fundamentally affect how information and news is discovered but also disrupt in ways we do not yet even completely understand, such as how that then gets monetized and how we realise value from it.

David is completely right in the sense that we have proved pretty resilient. We have taken some strategic routes which we have then had to reverse out of because they have not been rewarding or meaningful, but we have collectively, in our own different ways, innovated and been quite resilient through it. It is how we navigate the next period of disruption that we are all grappling with at the moment.

You asked about the value of journalists within journalism. Certainly, for us, we think journalists have never been more important: we are fundamentally a journalist-led organisation and, indeed, business. The value that we put on human judgment, skills, relationships, and the capacity for them to chase down stories and discover the truth, probably matters more than ever. Journalists remain at the centre of the value of our journalism while, at the same time, we contend with the fact that it is harder to realise a return on that journalism and journalism overall, which just gets more expensive.

The Chair: Mr Wright.

Peter Wright: I would echo all that. We are all trying to perform in the same market and under the same pressures. We announced our 2023 results about 10 days ago, and it is not a terrifically pretty picture: circulation revenue is down although still significant, at least in our case; digital advertising revenue is down; print advertising revenue is inevitably down. The only bright spots were events and subscriptions, which are increasingly important.

The problem is that, everywhere you look and every turn you take, you find fresh obstacles. We are currently talking to the Government about getting amendments to the subscription elements of the Digital Markets, Competition and Consumers Bill, which would make it more difficult to retain subscriptions and have a fairly damaging effect on subscription revenue. It is a world in which you have to keep finding new channels, new sources of revenue, and then, when you do, you find there are obstacles.

We also place enormous value on our journalists. The best-known journalists can still command good salaries. It is a matter of great concern to us that, across the board, salaries for journalists have hardly risen in recent years at a time of serious inflation. No companies can be comfortable with that. Ultimately if, as a society, we think that reliable journalism produced by professional journalists is something worth having, and a cornerstone of democracy, we have to find ways of producing revenue from news that will enable us to pay our journalists a proper competitive salary. That is a very important message.

The Chair: Thank you. Mr Slade.

Jon Slade: Thank you. The *FT* has undertaken a huge transformation in its business model in the last 15 years. To put some data to that: 15 years ago, 70% of our revenue came from print advertising and pretty much the remainder of it came from newspaper sales. Now, those two sources of revenue represent under a quarter of the *FT*'s income, and around half comes from recurring revenue digital subscriptions. So we have undergone a fundamental transformation.

As I am last to go here, I will try to add something which the others have not touched on in their comments. The fundamental shift in the economics of the news industry is perhaps typified at its heart by the involvement of tech and technology companies. The common element is that they are acting as an intermediary between the news producer and the news consumer. You can broadly argue that aspects of the interdependence between the two are positive. Journalism makes technology products better; technology companies provide traffic. However, there are two significant factors that make it an uneven relationship.

The first is that those services of intermediation are very rarely contractual, and the second is that there is a misalignment of importance. The digital supply chain considers journalism a trivial contributor to its mission relative to the importance that we put around it. What that means is that it introduces a huge amount of instability, and it can have a disproportionate impact on our ability to have a stable income and understand where our revenues are to be driven from. That instability is particularly unhelpful when we are trying to go through the transformation that all four of us have already spoken about and continue to invest in very expensive professional journalism.

Journalism is a very expensive business to do properly: it requires investment in talent, tools, resources, distribution, digital infrastructure, policies, procedures, governance and so forth. If we have an unstable

income then it makes life incredibly difficult if you are in the business of producing professional journalism, which we think is so important for the society that we serve.

Q36 The Chair: Thank you. In a moment, we will come to questions about the impact of technology on the quality and output from news organisations but, sticking with the economics of this in terms of the markets, I wondered if I could come back to you, Mr Wright, picking up from where Mr Slade left off? You were talking about the challenge around producing sufficient revenue to keep paying journalists decent salaries. I wondered if there was anything more specific you wanted to flag as particularly problematic or challenging in the context of the relationship between the news organisations and the tech platforms and the commercial contractual-type agreements that you have, whether around advertising or anything else?

Peter Wright: All our business relationships with tech platforms, to one degree or another, are conducted on a take-it-or-leave-it basis. The disparity of market power between any of our companies and Google, Apple or Meta is huge. Google, in particular, dominates the entire adtech market through which we sell our advertising, self-preferences its own services and skims off what we believe to be an unreasonable margin. There are payments for content arrangements, and we have one with Google at the moment, but they do not even pretend to represent the value that news in search provides to Google. A sum is named, and you can take it or leave it. You do not even get an explanation of how it has been arrived at.

Meanwhile, we—and I am sure everyone else—are trying to develop or deliver news by other channels. We have been very successful on TikTok, where we are now the biggest supplier of news. TikTok is a very particular medium that requires specialist staff to produce it. It has to be done to a particular format, and we have been very successful at building audience, but there is virtually no ad revenue in it and no payment-for-content deal.

Podcasts are similar, and so is YouTube, where we are developing video. All three require different talent pools to develop them. You have to do it, it is quite right that we do it, and we hope to find a means of generating revenue, but it cannot be guaranteed. In the case of TikTok and YouTube, we are dealing with one enormous global platform. In the case of podcasts, we are dealing with a couple of platforms, so we are always in a position where we, as a pluralistic, competitive, medium-sized company, are competing against a global giant and trying to negotiate deals with it. I think the regional publishers find it virtually impossible.

The Chair: I am conscious of time, but I wondered if anybody wanted to add anything to what has been said. I am thinking particularly about what has not been said around the move away from promoting news by Twitter/X and Facebook. Is that something that has had a particular impact that you wanted to raise? Mr Dinsmore.

David Dinsmore: Yes. Algorithms in general are a huge problem for us. We obviously have the *Times* at one end of the market, which is predominantly a subscription business, and then, at the other end, we have the *Sun*, which is almost entirely ad-funded in the digital world.

Historically, a lot of traffic has come through Facebook, but with its de-prioritising of news in the last 12 or 18 months—which has not just been the feed but also the support, so it has made people redundant or moved them into other jobs in news on its side of the fence—there is now no one there to talk to. One of the world’s biggest social media platforms really does not support news, so we have seen a huge traffic decline there.

Also, when there is an algorithm change on other platforms—which you often do not get any notice of and know only when you see your audience decrease quite significantly at times—it can have a seven-figure impact on advertising revenues in a week. Trying to plan your business, to budget and to invest for the future is increasingly difficult when you have no control over the means of supply.

The Chair: Thank you. Does anybody have anything else they wanted to add? Ms Bateson.

Anna Bateson: Yes, it is not only the expense of journalists and the talent that is necessary to find audiences in different places but the fact that all the audience you have that comes directly to your own destination is, by far, the most valuable. This is either because of the reader revenue that comes on the back of it, or because you can, more directly, even though it is a challenge, monetise it through advertising. That requires a whole level of investment as well.

When Jon talks about the tools and products to support journalism, it is very important to recognise the need to invest in digital destinations in order to have that direct relationship with your audience, and to be able to deliver an experience that is, in some way, analogous to the completeness of a print product where you had a curated, finite, but deliberate collection of stories that were in a particular order and proximity to one another. So that is another level of necessary investment that is very important and is something to consider alongside the overall costs of journalism and covering complicated stories all around the world.

The Chair: That is probably a neat place for us to move on to the impact of this on the actual output. Lord Hall

Q37 **Lord Hall of Birkenhead:** You have all described very clearly the financial challenges you face. We have also heard a lot about, which I completely recognise, the way in which you are having to get journalists to adapt to so many different audiences and to find those audiences—you said, Mr Dinsmore, that wherever they are, you need to be there. We also know that you now have to produce journalism at speed. What impact do you think all this is having on the quality and reach of journalism, and how are you ensuring that quality and accuracy is up there at the top? I am asking this question to you all, but Mr Dinsmore,

would you like to start off?

David Dinsmore: I am going to be a little upbeat here, if I may?

Lord Hall of Birkenhead: Please do.

David Dinsmore: I think British journalism is still a shining beacon around the world, and that is evidenced by the number of our journalists who are running media companies in the US, apart from anything else. As others have touched on, we now have access through these platforms to huge audiences and we must not forget that. Yes, things have changed: we have had to be quicker, we have had to be a little more attention-grabbing in some regards, but, at the same time, we have also had to come back to the fact that if you do not have a good product then nobody is going to buy it.

Certainly, as News UK and News Corp, we are very bullish about the future and protective of our core product. It is no use just following the algorithm at every opportunity, because that is the way to ruin. As a news organisation—I can only speak for us—we are completely invested in making sure the product is as good as it possibly can be for the future.

Lord Hall of Birkenhead: Are you forced into people who are specialising more or, the other way, to people being more general in their reporting skills and having to approach each story in a more generalist way than people who had the contacts and the knowledge before?

David Dinsmore: Stories are still the things that make it happen, which goes to Peter's point that the best-rewarded journalists are those who get the best stories, have the greatest following and are writing the opinion that people want to hear. The rules have not changed massively. There may be niches that you need to go into a little more, a little deeper, but we used to say on the *Sun*, "What are we going to be famous for today?" That is still true, but now you have to do it in print, digital, video, audio, all these different places, which is a great creative opportunity.

Lord Hall of Birkenhead: The same question to you, Anna Bateson. How do you keep quality, and in what way can you keep quality up across all these different outlets that you now have to feed?

Anna Bateson: You have to invest in world-class, distinctive journalism; you have to lean into your strengths. David said it well: the rules have not changed; it is just the method of delivery has changed, to some extent. You have to be willing to invest in the long term. The Post Office story is an amazing example of where there were journalists who were covering and keeping with it, even when it was unfashionable and people did not want to read about it. The best news organisations are able to take a long-term view, stick with something, and keep going until it begins to have an impact.

Again, you have to invest in a destination, and you have to invest in products, because they really matter. The experience of journalism matters alongside the impact of the journalism itself. You have to be

conscious of where you are strong and perhaps where you are not; not everyone can compete equally in every medium, and therefore you lean into your strengths and stay true to the relationship that you have with your readers and the relationship that they have with your brand.

Lord Hall of Birkenhead: Is it still easy to be able to take people off and allow them to disappear for a number of weeks, or even longer, to pursue a story that you think is really big and needs pursuing? Is it still as easy in the world that you are in now, or is it harder?

Anna Bateson: I do not think it is easy. I would probably defer to colleagues who have more editorial experience, but I think that if you have a significantly sized newsroom, it becomes easier for people to take the time they need on investigations. That is why it is so important to keep investing in journalism and building those teams: precisely so they can have the time to properly explore a story and they are not being pulled on to something else on a short-term basis.

Q38 **Lord Hall of Birkenhead:** Mr Wright, what are your thoughts on quality and accuracy, and the difficulty or otherwise, of maintaining that in the much more hectic, financially more constrained world that we are in?

Peter Wright: As Anna said, the same standards apply and we are not going to relax them. It is true that online you are not limited by space. You can build audience by having a high number of stories on your site, which we do, but that does not stop us doing much more time-consuming journalism as well. In some ways, there are new opportunities. My colleague, Richard Pendlebury, has now had three long spells in Ukraine producing filmed reports for YouTube, which have been very successful. In the old days, he probably would have gone in, done a 2,000-word feature and come out again, but now we keep him there for longer because we have another avenue, and we are developing new skills in doing that sort of thing.

We have launched a partial paywall on MailOnline, and the content we put behind it is mostly reasonably serious and specialist journalism and opinion pieces. People are clearly buying it, which is reassuring. It is early days, but the figures are very promising. If that pattern holds, that will be a clear indicator that quality journalism is attached to revenue, and we will no doubt be producing a lot more of it.

Lord Hall of Birkenhead: Mr Slade, your newspaper relies on specialist correspondence and breadth around the world. How difficult is it to keep that going in this more constrained financial world?

Jon Slade: It also very much relies on a subscription business; as I said earlier, our business is very heavily predicated on that now. Providing a quality product, in the sense of quality, accurate journalism—professionally produced journalism—is built into our business model. If we fail to do so, our subscribers will no longer subscribe to us and our business will fall apart.

There is a virtuous circle between ensuring the quality of the journalism that we produce and the business model that sits around that. That

virtuous circle is working really well for us. I am delighted to hear that subscriptions might be working for Peter as well; it feels like that business model is in sync. How do our journalists do it? I think my colleagues in the newsroom would say they are just working harder. They have to produce for every format, as David said, and be across everything all the time, so it is not easy and it is probably getting harder, but it is absolutely a core part of what our whole business model is predicated on.

- Q39 **Lord Hall of Birkenhead:** I have another two, quick questions for anyone who would like to answer. We had James Bennet from the *Economist* as a witness, a really interesting one at that, and he has also written about this. I am paraphrasing horribly what he put very eloquently, but he said that, because of the financial or time constraints—we are being optimistic about journalism—journalism relies too much on following whatever it is in social media or the internet, which creates a cycle that is difficult to break out of. I wonder whether any of you would like to comment on that. Do we follow the internet and social media too much?

Jon Slade: I would not say that was the *FT* experience.

Lord Hall of Birkenhead: No, I can see that.

David Dinsmore: There is undoubtedly some truth to that, but it is far from the whole truth. You only need to look at the number of investigations that our titles are producing. In fact, here, there is campaigning going on. It is far more nuanced than that.

Anna Bateson: As Peter was saying, everyone has different models, but the relationship between revenue and quality journalism is one of the reasons you should be reassured that that is not always the case. We have a voluntary model, and we find that it tends to be either something that is very distinctive in investigations—unique to the *Guardian*—or something that resonates with people in a very emotional and deep way. They are very intelligent and adept at understanding when a story is an important one, because it provokes an emotional reaction and that w then does result in support. Everyone has their own version of that model: if the product does not deliver and if it is just chasing something that you can find for free or is easily shared and distributed elsewhere, it just doesn't work. The quality is baked into the business model, which is something that you can draw reassurance from.

- Q40 **Lord Hall of Birkenhead:** I have a question about where journalists come from for Mr Dinsmore and Mr Wright. It is very interesting, Mr Dinsmore, that you started off by saying you have been in journalism for 30 years and started off on local papers. Most journalism now does not start off by going through a local mill where you are confronted by your audiences and your readers, where you know viscerally what they are thinking and they will tell you if they think you are getting it wrong. Is that something that is missing from our newsrooms as people now come in from different routes?

David Dinsmore: The diversity of routes in is probably quite a good thing. We have apprenticeship schemes, which are very diverse in their population, so we get to train people from the ground up, which is obviously more of a challenge than it was historically. I am also a big fan of the local press, and I would love that conveyor belt to start taking over again and start delivering. At the end of the day, it does not really matter where journalists come from as long as we provide great journalists and provide them with a platform in which they can shine.

Peter Wright: It is a shame that local papers no longer employ so many journalists and that they do not train them. Like David, I began my journalism in local magistrates' courts. There is no better training on earth than sitting in a local magistrates' court, I can assure you. In some ways, these things get reinvented. We now train a lot of journalists directly, mostly for MailOnline, but it is very useful that young journalists are able to start a career in a place where they can go from the most mundane story to the most spectacular ones, all while sitting at the same desk.

Some traditional formats are being reinvented. One of the most popular writers behind our paywall is Quentin Letts, who is a parliamentary sketch writer, which is a form of journalism that goes back to the end of the 18th century; our most popular podcasts are the trial series, which are basically just court reporting completely reinvented, but people love it and are fascinated by it. The most successful of those was done by our northern correspondents, so it is sort of reinventing regional journalism. The old truths all hold firm; it is just you have to refashion them in the digital age.

Lord Hall of Birkenhead: Mr Slade or Ms Bateson, anything you want to add to that?

Anna Bateson: David is correct: there is probably greater diversity of routes into journalism now. We have certainly worked very hard at that, and it continues to be a very important part of the way that our editorial colleagues think about the development of the newsroom and the development of journalism. But it is possible, and it is a truth, that there is now a proliferation of ways in if you are willing to invest and commit to it.

Q41 **Lord Kamall:** I want to continue on this theme of diversity. One of the things that many people have said to us is that we should be proud of the diverse news landscape we have in this country, particularly when it comes to opinions, but others have said that they feel, particularly with technology and some of the forces that you have mentioned, that the media environment is becoming far more fragmented for audiences. I know you have already talked about some ways that affects you and the way you deliver your news, but do you agree with that? Do you think it has become more fragmented? Is that just too theoretical an approach to talking about it? How do you see this debate about fragmentation of the news media? I will start with Ms Bateson.

Anna Bateson: The way people now spend their time is very different to the way that they used to. By definition, that means that audiences are more fragmented. We are all competing for attention, and attention has many different sirens these days. There will be whole sections of the audience now who mainly encounter news mainly because they spend time on digital platforms, whether those are Facebook, Instagram or TikTok; I am sure we can all see that with our children and our grandchildren. Their main way of consuming news is TikTok because they spend the most time on TikTok. It would be wonderful if everybody still picked up their phone and went straight to a news app; we would all like that very much. It is true for some people, but it is not true for everybody.

So, by definition, things are becoming more fragmented, which does present some challenges because it means that, inevitably, information and stories are abstracted and they are seen in isolation; they are not seen in context, and that has an impact on people's ability to trust them, to navigate them and to understand them in a more complicated environment. Most stories need to sit within a context; it is hard if they are just a singular thing. That sense of commonality around truth is probably harder to achieve now if people are consuming in very fragmented ways. Where you actually align around facts and a common sense of what is true and right is something that we all have to think about. The days when people would gather around the radio and the television, or even align around a newspaper, regardless of whatever their views were, are probably not the norm any more.

David Dinsmore: The atomisation of content—we have basically taken the newspaper and ripped it up into lots of little bits and the platforms have distributed it for us like that—is definitely a challenge. What we have to continue to do is increase the visibility of our brands and what they stand for, because nothing is really true on the internet until it is written by one of our brands, give or take—I am not saying that some lies do not get around half the world very quickly. Undoubtedly, atomisation is a challenge, which again is why we need to make our home products so good. We keep coming back to this—if the product is not good enough then we will fail—but we need the atomisation because that is the way the platforms are set up and that is the way the distribution now works.

Peter Wright: I would endorse that. I do not know whether any of you are familiar with a product called Google Discover: on a mobile phone, underneath the search bar, you will find a list of news stories which have been chosen by an algorithm, supposedly because you are going to be interested in them. It is very tempting; you go through it and things catch your eye, but then you realise that you are reading something that is coming from a news source you have never heard of before. You do not have the faintest idea whether it is a reliable news source and you do not even know what country it has been written in. I found myself reading something about a car I was thinking of buying and I think it came from South Africa. You just could not be sure at all. In a way, that is what has been lost in the digital age.

In a newspaper, you read an article and you know by the way it is presented, which part of the paper it appears in, even the typefaces, whether the editor thinks this is a very important piece of news that you should read before everything else, or whether it has been put there primarily for your entertainment or passing interest. You can tell because there are so many visual signals, and you just do not get them anymore.

We have always been pleased that we get a very high proportion of direct traffic to our website and much less referral traffic from Google and Facebook than most news organisations do. This is a good thing because within the website, readers get those signals; they do not get them when your content appears in a completely disintermediated way via a platform. It has further problems because humour becomes a very difficult thing: you can flag it in the context of a newspaper, but when it appears without any intermediation, something that was intended as a joke can be taken as a serious and offensive comment, which is a sad thing.

Jon Slade: I would look at it in two ways. Certainly, fragmentation is a fact. It is absolutely happening, whether we think of it as fragmentation or atomisation, but from the business model side it is helpful because it allows us, as David mentioned, a lot of reach for the brand where otherwise we would not have it. But it is rarely directly monetised, and we know that the best opportunity to continue to invest in our journalism is to have people to visit our website or read our newspaper. If they are experiencing that journalism somewhere else, then that is not additive to our business model, so there is an indirect relationship between that reach and ultimately that turning into something that is fundamentally useful for us.

At a societal level, fragmentation has two sides as well. On the one hand, it can be useful: it is giving you what you want. It is an algorithm saying, "You read something about a car and here is some more information about that car"; it is giving users what they want. The value that a printed newspaper product always had was that it was telling you the things that you did not know you wanted to know. That is the value of a destination website. That is the value of professional editorial curation, and that provides a role of societal cohesion.

There is a brilliant article in today's *FT*, actually, about exactly this by Stephen Bush, which I would thoroughly recommend. He is comparing Apple News and the BBC News app, but it could be any news aggregator and any media brand. Both have 13 million users each and he says that, "while I find Apple News's app much more fun, useful and interesting, the BBC's app does a better job of keeping me connected with the 65mn or so people I share an island with. This is surely part of the social role of news, rather than just reflecting a curated selection shaped by my interests". I could not put it any better than that.

Q42 **Lord Kamall:** Two strands came out of those answers that I want to investigate—not with everyone of course because of time. The first is about news and opinion. You represent titles that have stated their opinions on certain issues, both international and national, but some

people say that, with the online world, that distinction between news and opinion is increasingly blurred. Do you think that it was for ever so and it is just that we see it more now in the online world, or do you think the online world blurs it even more? I will start with Ms Bateson, because you mentioned that.

Anna Bateson: The digital world probably confuses and blurs the differences between news and opinion, partly because of this point about abstraction, the separation out and the loss of the cues that were about placement and sequence. It is also worth saying that it has never been easier to have an opinion, and it has never been easier to distribute opinion. It remains very difficult, and is probably more difficult than ever, to do news and to do news in a fair and trustworthy way. Again, that is an outcome of our use and adoption of digital platforms.

Lord Kamall: One response to that has been, clearly, the rise of fact-checkers, or so-called fact-checkers. Some people claim they are a form of censorship; others ask who fact-checks the fact-checkers, as it were. Do you have any concerns about fact-checkers? Mr Dinsmore, I will ask you that question.

David Dinsmore: If I could just build slightly on that; the facts have never been more readily available. We used to be in a 24-hour cycle, but we are now in a 24-second cycle. Everyone has hold of the facts at any time, but people want to know what it means for them, so that is why the rise of opinion is such.

When it comes to fact-checking, that is the role we play; we are the verifiers of information. We have editors and lawyers in place, and, in most of our cases, we have a self-regulating body that people can complain to. Then there are the laws of the land. There is a lot in place if you feel there is something that you do not agree with, so I certainly do not want a third party coming in and telling us where the facts are, because there can be many interpretations of particular facts at any time.

Lord Kamall: Mr Wright and Mr Slade, did you want to come in on either of those two questions?

Peter Wright: I do not object to fact-checkers; we find them helpful sometimes, but there is a problem. I went to a very interesting briefing by Ofcom last year where it was talking about consumption of news and the huge number of people who say they get their news from Instagram or Facebook. Of course, we know that Facebook is switching off news, so why were people saying that? The answer is that we do not know what people mean when they say news. An awful lot of the time, they mean opinion, and I fear there are many people out there who may be famous but they are not professional journalists and they do not operate under any sort of code of practice with any regard to the law. They offer opinions, often startling and provocative opinions, and they get an audience. I am not going to name any names, but they know who they are.

I do not have a solution to that problem, because free speech is free speech. The internet gives those people a platform, and there are clearly people who want to read what they are saying. It is very cheap to produce, and you can generate revenue, so it is there.

Jon Slade: News is news; opinion is opinion. At the *FT*, we keep the two very clearly separated and labelled. It is true that, from a user experience point of view, it is a little harder online. We try very hard to distinguish between the two by using colour and typeface, but occasionally we have readers who write to us saying they are not sure which is which, and we take that into account.

To build on David's point, veracity is, to a very large extent, built in. Facts are built into the businesses that we operate. If you come to one of our websites, you will find that we operate under all those organisational, process and governance systems that David mentioned; each of us does.

On a slightly tangential point, we have not really talked about how generative AI could impact this. There is a significant risk that as people are increasingly asking generative AI platforms, "What is the truth? What is a fact? Tell me about this thing", they are in a position to believe that that large language model intends to tell them the truth, and that is not the case. In our businesses, it is our business to tell as truthful a story as we possibly can. Facts, whether news or opinion, is not how a generative AI model works and that could become an increasing risk for public perception around what is true or otherwise.

Q43 **The Chair:** Just before we move on, can I ask one supplementary in this category of questions? As news organisations, what pressure are you under, either from your staff or even potentially from your readers, to not offer a diverse range of opinions within your opinion pages? That is something which has been raised by earlier witnesses with us; sometimes there is a tension, or it is difficult for organisations to offer a broad range of opinion in the way that they might have been able to in the past. I will come first to the *Guardian* and Ms Bateson.

Anna Bateson: We would get feedback from readers, but that is nothing new; it has always been true. They can write letters; they can contact the readers' editor, who is independent and reports to the Scott Trust.

The Chair: Do you feel, on a commercial basis, that you are restricting or contracting the range of opinions in any way to stay appealing to your core readership?

Anna Bateson: No, and that is a choice by the editor-in-chief. First, she is completely independent, as are our editorial colleagues: that is guaranteed by our ownership structure, so their editorial integrity is completely guaranteed. They have no influence from the commercial side, but in fact we have not seen any sense of threat or disagreement from readers or advertisers with having a diverse range of opinions.

Peter Wright: It is not a problem that we have had. I am aware from one or two other news organisations that I have connections with that

there are problems in America with staff in newsrooms objecting to certain lines of opinion. I cannot delve too much further.

The Chair: Is it a phenomenon that you think is more US-based than UK-based?

Peter Wright: That is the only place where I have come across it, but I have heard an editor say it is an increasing problem in America: that journalists are unwilling to leave their opinions at the door. That applies not to people who are employed as opinion writers but to people who are employed as reporters, who would normally be expected to be assigned a job and do it with as little fear or favour as possible. It may be become a problem here—I do not know—but I have not observed it yet.

The Chair: I am going to move on to Baroness Harding and the category of questions that she wants to cover, but if there is any time at the end, I may pick up on one or two things.

Q44 **Baroness Harding of Winscombe:** Just out of an abundance of caution, I should probably start by declaring an interest. Ms Bateson's husband, Max, worked for me for about eight years, so we are close friends.

I am going to ask questions about the different roles that government, regulators and the industry itself should play in addressing the challenges that you have all just set out. By way of context, about 10 years ago, the whole world was pretty gloomy about the future of your respective organisations. It is very trite to say it, but necessity is the mother of all invention, and all four of you have set out, very impressively, the innovation that you have shown over the last decade in your business models.

With that as context, and the challenges you have just set out, the open question I wanted to begin with is: what do you think is the appropriate role for government, for regulators, and for the industry, if we all want to see a trusted, reliable, and financially sustainable news sector?

Anna Bateson: I can start by focusing on what I think we would all see as the enabling protection of copyright laws. As I said, personally, the thing that gives me the most anxiety is what gen AI and the models that are emerging from, essentially, global technology businesses are going to do, both to the open web and the way that all information, and, pertinently, our journalism, is discovered, and indeed what it does to the fragmentation of business models.

To build on something that Jon said about this misunderstanding of what the large language models are and are not: they are, in a sense, the ultimate fragmentation of information and are not necessarily sources of truth. They are a source of something that is entirely individualised to you. This deeply concerns me about how people navigate the digital world to find news, information, what they trust, et cetera. How our information, our journalism and the levels of investment that we have made in it can be protected, both against the exploitation of what has already been created and then how it is used on a basis going forwards,

is the place that we would seek the most support or intervention from legislators.

Baroness Harding of Winscombe: What should government do? Should government and regulators be taking a much stronger position on copyright and training of large language models, for example?

Anna Bateson: I think so.

Baroness Harding of Winscombe: And what else?

Anna Bateson: As in specifically with copyright?

Baroness Harding of Winscombe: And generative AI in general. You described the worry and the problem. We have just completed an inquiry into large language models and one of the real challenges is to say practically what government should do today as these technologies emerge.

Anna Bateson: From our perspective, the most important thing is the protection of copyright, because that is fundamental. The ability of us to hang on to the value of what we have invested in through the protection that copyright law gives us is incredibly significant. How the Government navigate the rolling out of AI is a very big question which probably goes beyond my knowledge or experience, but certainly from our view, that piece around copyright and the real understanding and rigour around copyright is the most important thing.

Jon Slade: This is absolutely a "now" moment. I would like to just read out a short sentence from chapter 8 of the Lords report, *Large Language Models and Generative AI*. It states: "But debate"—around intellectual property and copyright—"cannot continue indefinitely. If the process remains unresolved by Spring 2024 the Government must set out options and prepare to resolve the dispute definitively, including legislative changes if necessary". We absolutely endorse that. This really is a now moment.

The Digital Markets, Competition and Consumers Bill has been really welcome to address some imbalances in the media market, but that has taken a very long time to come to fruition. I certainly hope that is no indication of the speed with which we can provide greater clarity around copyright law as it relates to artificial intelligence, because the threat of disintermediation is significant. It is significant to our business models, which means it is significant to our ability to invest in the production of quality journalism, and that is probably the greatest bulwark against the threat of misinformation that generative AI could trigger.

There are four areas in particular that we think would be useful. First, it would be incredibly helpful if there was specific clarity that the use of protected materials by AI systems requires a licence. We already operate a text and data mining licence business at the *Financial Times*, so we know it is perfectly possible. A lot of the complaint from artificial intelligence companies is they cannot get access to the data; we are perfectly happy to provide it, but we want to do it under the terms of a licence.

Secondly, it would be helpful if regulation made it clear that the default is for news publishers to opt in to their use of data rather than to opt out. That is fundamentally not how copyright works in any case.

Thirdly, there should be a right to transparency. That is useful not only for rights holders but for the public to understand how that data has been used and in what form.

Finally, accountability and safeguards should be introduced to ensure that developers of gen AI systems are accountable for their outputs, and that is particularly important, again, in the context of misinformation.

So, those would be the four particular areas that we think are really important to get clarity on as soon as possible. This really is a burning issue.

Baroness Harding of Winscombe: That is hugely helpful. Is there anything more on AI, Mr Wright?

Peter Wright: Yes. I would like to put it in even more stark terms: AI is the dog that eats its own tail. If it develops in the way it looks as though AI developers want it to develop, where they just appropriate all our work without any compensation at all, they will destroy the very news content on which their models are trained. You will end up with generative AI producing answers to users' prompts that are fuelled entirely by other generative AI and inaccuracy and bias will just multiply.

Going the other way, I have a few more specifics to add to Jon's. Protect copyright and make it impossible to train AI unless you have licensing arrangements, and potentially you resolve the great news problem of our time by having a reliable and regular source of income for news publishers. But in order to do that, it is not just a matter of having robust copyright law and enforcing it.

I think Jon mentioned that AI developers need to be transparent about what content they are using; they also have to be transparent about which crawlers they are using and for what purpose. At the moment, we, and I suspect everyone else here, are blocking crawlers for open AI because they are used only for AI purposes, but you cannot block Google's crawlers because there is no transparency. Google's crawlers may be used for AI training, or they may be used for search; if you block ones that are used for search, you are going to be blocking your traffic because you will not appear in Google search results.

And then, if you do want to opt out and block the use of your content for AI, there must be automatic penalties for people who use your content without permission, which is equally significant. So, we are on the edge of a cliff, but if the Government get this right, they can create an ecosystem in which AI can be developed, news can flourish and the whole thing will be self-supporting.

David Dinsmore: In even starker terms, it is reckoned that in a couple of years' time more than 90% of the internet will be synthetic. Just take a moment to understand that; it shows you what we are heading into. I would describe what we produce as the organic farming equivalent of it.

We have real humans, real journalists, digging up stories, because computers are not going to dig up stories—not yet at least—and that is what we as a country and a democracy would want to have in our ecosystem. It is hugely important; it is something that we must put at the top of the agenda.

I agree with all the points that have been made. Government can also help by minimising the unintended consequences. Peter touched on one earlier about the DMCC legislation around subscriptions, which would have been hugely damaging to our business. The ICO is currently coming after a number of us for not having the right GDPR pop-ups which would encourage people to reject all; again, this would crater more and more advertising revenue. These things are all done without any consultation and, by the time it gets to us, it is almost too late. The internet sort of grew up in isolation, and we went about our business and government went about its business. This now needs to be joined up, it needs to come together, and we need to consult to get to the right outcome.

Q45 **Baroness Harding of Winscombe:** Thank you, those are really vivid descriptions that you give. Mr Wright, earlier, you were describing the challenge of negotiating with these great big tech leviathans. Beyond the challenges of gen AI, are there other areas where you think there should be government or regulatory intervention to redress the balance between, as you described, these multi-billion global corporations and little old British news media organisations?

Peter Wright: It is coming; this is why we have been so enthusiastic about the Digital Markets, Competition and Consumers Bill. It is basically enabling legislation, but the Digital Markets Unit will be able to impose conduct requirements on designated platforms, and we expect those to cover a lot of the areas where we have problems, particularly digital advertising, hopefully search algorithms, and payment for content. I give enormous thanks to this committee for championing that cause.

To develop something that David was saying: there is still a lot of, to use a cliché, non-joined up thinking in government. I think that everybody in government recognises the importance of reliable news, recognises the importance of plurality, wants to support it and has genuinely tried to help us, and then you suddenly discover that one of the very few existing regulatory bodies for the digital world, the Information Commissioner, has a remit that covers only data privacy and does it from a very narrow angle. You are told that the user consent mechanisms, which have been operating without apparent complaint from our readers for the last five or six years, are no longer good enough and you have to change them in a way which gives your users the option to consume your content without paying for it in any way whatever: no subscription, no advertising, you just have to give it to them. Nobody would expect a supermarket to operate under those rules, “You can stop and pay at the till if you want to, but if you would prefer to just take your bags out to the car park, that is absolutely fine. That’s your rights—consumer privacy”—you might have to look inside your bags if you had to pay at the till.

Joking apart, these things suddenly hit us, and I do not think anybody has stopped to think whether it is proportionate. Data privacy is desirable, but it is also desirable that you have a properly resourced news media. Who is holding the ring? Maybe it is a task that this committee would like to consider, but it is very difficult. You feel like the boy with the finger in the dyke: you plug a hole in one place and then suddenly you find that you are under attack in another place—there is legislation going through which you thought was going to be helpful to you, but a whole section has been added to do with subscriptions and you are now going to find it much more difficult to keep your subscribers.

The digital news environment is probably more interconnected than it was in the days of print plants and wood pulp and lorries beetling up the M1 in the middle of the night, but the Government are not looking at it like that at the moment. I hope that makes sense.

Q46 **Baroness Harding of Winscombe:** I have asked open questions on what government should do. None of you have talked about ownership and I wonder whether any of you have a view on whether foreign government ownership of news titles should be allowed. Can I be very unfair and ask Mr Slade first?

Jon Slade: We are owned a foreign business, Nikkei. Our missions are entirely aligned, and we have found it to be an extremely successful partnership. One would have to conclude that ownership by a foreign Government, which may imply influence over aspects of the British press, would be unhelpful, but I have not thought about it too much more than that.

Peter Wright: Government ownership cannot be right, so ownership by a foreign Government must therefore be less right, I am afraid. It might be possible for a foreign Government to take a minority stake under proper guarantees of not interfering in editorial policy, but 100% ownership by a foreign Government cannot be right. I am not going to worry too much about foreign ownership.

David Dinsmore: We are headquartered in the US. Our newsrooms would be full-throated in their position on this; they would be against it. It is going through the right processes just now; we do not know all the facts as we sit here; all we know is what we read in the papers. It is going through the right process, and we will see what the outcome of that is.

Anna Bateson: We are very lucky because we are completely independent and we are owned by the Scott Trust, but we would recognise that is not true for everybody. I would agree that there is a difference between foreign ownership and ownership by a foreign Government.

The Chair: Thank you, all four of you, very much for being with us this afternoon and for your evidence. I am going to draw this to a close because we have run over time. I will stop the recording so that the witnesses can change over in terms of the panel, but to anybody who is

watching us online, as they say on television, we will be right back.