

## **Written evidence submitted by News Media Association**

### **House of Commons Digital Culture Media and Sport Select Committee Inquiry: Future of Public Service Broadcasting**

The News Media Association represents the news media industry whose members publish some 1000 titles, read by around 49 million adults each month, in print and online. Such titles include not only the national titles such as The Times, the Sun, the Daily Mirror, the Independent, The Guardian, The Daily Telegraph, the Daily Mail, but also regional and local titles published in the UK, such as the Yorkshire Post, the Manchester Evening News, the Kent Messenger, the East Anglian Daily Times, and the Monmouthshire Beacon.

#### **Executive Summary**

The independent commercial press plays an essential role in our democracy. Its investment in journalism at local, regional, national, and international level provides the foundation for the UK's lively, diverse media and sets the news agenda.

Yet the independent commercial media is at a disadvantage in its competition with the BBC and public service broadcasters. It does not have the guaranteed public funding that underpins the BBC's news provision, or even the prominence protections guaranteed to public service broadcasters.

The DCMS Select Committee ought not consider 'the future of public service broadcasting' without regard to the wider media landscape and the potential impact of the Committee's recommendations on the independent commercial press, its journalism and the communities served by its titles at local, regional national and international .

In particular, expansion of the regional activities of the BBC and PSB could affect the sustainability of local titles which serve small towns week in, week out with with a reach that any PSB would not replicate, to the detriment of those communities.

Consultations on the future of public service broadcasting, BBC Charter Review and funding must result in creation of conditions of fair competition with the commercial press. Tighter focus of the BBC upon its core broadcasting activities would be helpful. Partnership opportunities could be explored, including expansion of public interest reporters schemes with external funding. Tax reliefs could be explored, currently enjoyed by the broadcasters and other creative sectors.

#### **Future of public service broadcasting must not threaten the independent commercial press**

The independent commercial press plays an essential role in our democracy. Its investment in journalism at local, regional, national, and international level provides the foundation for the UK's lively, diverse media and sets the news agenda.

News publishers compete fiercely for audience and audience dependent revenues with the BBC, other public service broadcasters and their free to access news sites, in addition to the wide range of other media. The industry also faces the huge challenges to the news media created by the tech companies, with its revenues badly affected by the tech companies' exploitation of its content,

without proper recompense from the tech companies, in view of inequality of bargaining power between platforms and publishers- and lack of transparency of the digital advertising market.

Yet the independent commercial media is at a disadvantage in its competition with the BBC and public service broadcasters. It does not have the guaranteed public funding that underpins the BBC's news provision, or even the prominence protections guaranteed to public service broadcasters.

The DCMS Select Committee ought not consider 'the future of public service broadcasting' without regard to the wider media landscape and the potential impact of the Committee's recommendations on the independent commercial press, its journalism and the communities served by its titles at local, regional national and international level.

The role of the press as the 'fourth emergency service' and the ever-growing demand and audience for its trusted content at local, regional, national, and international level have been highlighted by the Covid-19 crisis. However, the pandemic and counter measures have also led to drastic fall in the advertising revenues which underpin the press, exacerbating and accelerating the problems, some created by the tech companies, which the recommendations of the Cairncross review on sustaining independent journalism had been seeking to address. The NMA has set out its recommendations for constructive measures for assistance over the immediate Covid-19 crisis and any transitional period. National, regional, and local publishers are intent upon maintaining their journalistic and other services to their audiences and communities. The current crisis has underlined the value placed by audiences upon the trusted information produced by local editors and their trained journalists based in the communities for which they report, investigate, campaign and support.

Hence it is important that the DCMS Committee's recommendations with reference to the BBC or the public service broadcasters do not create new problems for the independent commercial press. The BBC and broadcasters cannot be allowed to dismiss and undermine the press, in their eagerness to secure their own survival and gain Government permission, subsidy and support to capture the audiences which are and have been served in depth for centuries by commercial news publishers.

The BBC has stated that it is negotiating with Government for additional funding of its international news operations. The BBC, ITV and Sky have publicly disclosed their ambitions to expand into regional and local news provision, even if regulatory barriers might have first to be overcome or removed. The broadcasters do not describe any distinctive offering and ignore the importance of the hundreds of local and regional titles and their journalism already serving those communities and their publishers' determination to sustain such services.

It is therefore vital that Government, Parliament and regulators independently scrutinize and evaluate the potential impact upon the free press and the independent commercial news publishers which sustain it, of any public service broadcasters' case for award of new or additional public funding, relaxation of regulation confining their activities, or authorization of broader remit and encouragement of wider activities, online or community based, or strengthening of regulation which guarantee their content and advertising revenues which support them, publicity, prominence and audience attention.

Any proposals for introduction of any support exclusive to the BBC and public service broadcasters or otherwise unavailable to the independent commercial publishers, especially at local and regional level, could intensify unfair competition and have negative market impact upon the independent commercial press. News publishers will be adversely affected by unwarranted fragmentation of audience, unfair competition for scant advertising revenues, or discouragement of innovation, the chilling effect of intervention by the threat of licence fee funded BBC or other public service

broadcasters, or giant tech companies. These issues will be particularly pertinent to the Committee's consideration of the final questions set out in the call for evidence:

***'Looking ahead:** What should a PSB look like in a digital age? What services should they provide, and to whom? In what way, and to whom, should they be accountable? Is the term 'public service broadcasting' still relevant and, if not, what is a suitable alternative?'*

The NMA and its members' current competition concerns relevant to the relationship with the public service broadcasters have yet to be allayed, despite current reviews and past recommendations. The Committee cannot therefore assume a 'level playing field' for competition purposes or that recent reviews and imminent recommendations will quickly result in its creation. Any suggestion of regulatory relaxation or increased funding or other support to enable expansion of news and other activities by the BBC (by itself) and other public service broadcasters into the nations, regions and localities, must first undergo thorough evaluation of its potential negative effect upon the existing local and regional news publishers. It is vital that publishers are not put under further burdens of unfair competition during this transitional period, when to do so would jeopardize their survival.

Neither the reformed BBC governance nor introduction of Ofcom oversight have yet demonstrated that the revised BBC Charter, Licence Agreement and legislative framework are an effective check upon BBC activities and aspirations in the nations and regions, or that they ensure that sufficient regard is paid to the concerns of news publishers in the nations, regions and localities. The authorization and launch of BBC Scotland was an early cause of publisher disquiet. Nor has action resulted from the recommendations of the Cairncross review on investigation of BBC negative market impact upon the local press and the follow up letter to Ofcom from the DCMS Secretary of State. Neither Ofcom nor the BBC have discussed any findings or resultant action with the NMA. It even appears that the DCMS Secretary of State's suggestion of improvement of BBC links and improved drive of traffic to local publishers' website has been discharged by some revision of BBC internal guidance, following discussion with Ofcom, but without provision of prior sight and consultation upon this guidance to the NMA and its local news publisher members whom it is supposed to benefit (despite a lengthy history of such BBC proposals – and the BBC's unilateral closure of the 'Local Live' initiative previously developed with the NMA).

In respect of BBC partnerships, the Local News Partnership negotiated by the BBC and NMA with the strong support of the DCMS Secretary of State at the time of the last BBC Charter Review has been a success. However, to date, neither tech companies nor others have demonstrated willingness to fund the expansion of the scheme, to increase the force of reporters to the levels recommended by the Cairncross Review. The BBC does not wish to fund any such expansion by itself from licence fee funds or otherwise. Yet, the BBC annual plan suggests that the BBC is intent upon a major initiative aimed at expansion of its local and regional news and other licence fee funded activities, which would capture audience from the existing commercial news publishers, despite the absence of any BBC distinctiveness justification.

Nor have conditions of fair competition yet been created through broader reforms of competition law or action by the Competition and Markets Authority. The CMA has yet to produce its online platforms and digital advertising market study report and was disinclined to launch the market investigation urged by the NMA and its members. The Government has yet to act on competition law reform, by way of statutory codes and regulator recommended by the Treasury's Digital Competition Experts' Panel and under CMA consideration or by way of broader reforms of competition law. There are no measures in place yet to re-balance the relationship between the tech companies and the publishers to ensure that the latter are properly recompensed for content monetized by the tech companies without proper return.

These factors are all relevant to Ofcom's suggested approach for support of Public Service broadcasters. It is in favour of regulatory changes that would encourage collaboration between PSBs, assistance from the tech companies, and measures to ensure that PSB content is easy to find for audiences and prominence given on programme guides. However, such changes to the benefit the PSBs, if brought forward in isolation and without parallel changes to assist publishers, could have an adverse effect upon the non-broadcast, independent commercial news media, where competition law obstructs discussion of sustainability issues, whether rationalization of ownership of local titles, maintenance of distribution and supply chains, or collective negotiation on issues crucial to re-balance of the relationship between news publishers and the tech companies. Confining change to the PSB sector only could further disadvantage the non-broadcast news media.

Conversely, the NMA and news media industry would be happy to explore with Government the industry's proposals which would enable news publishers to act in true partnership with the BBC and other PSB broadcasters or make common cause, where this might operate to benefit of the public and provision of news and information, without undermining the non-broadcast, independent commercial media and its reporting freedoms. Such measures would be very relevant to the Committee's consideration of the future of Public Service Broadcasting, both immediate and longer term as set out in its call for evidence:

*'Looking ahead: What should a PSB look like in a digital age? What services should they provide, and to whom? In what way, and to whom, should they be accountable? Is the term 'public service broadcasting' still relevant and, if not, what is a suitable alternative?'*

#### **BBC: review of the future of the BBC**

As the Government considers the future of the BBC and exploring ideas for a more focused and streamlined public service broadcaster, it is critically important to ensure fair competition between the independent news media and the licence fee funded BBC. The BBC should be encouraged to focus on its role as a broadcaster, rather than an online publisher, to produce distinctive content instead of replicating content from commercial news providers, and to look at contracting out services to news publishers rather than competing head to head with them for audience share.

This is particularly important at local level because of the adverse consequences for local communities if the Government allow regulatory changes which enable and encourage the BBC- or Sky or any other PSB – to expand their 'regional' activities. Currently, both the large groups and small family owned news companies publish a large number of titles of high quality journalism which serve small towns. These have a depth of reach into such towns, constituting small markets which they serve week in, week out in a way that the BBC would only reach only occasionally. These titles are small and struggling and regional expansion of the BBC could lead to their closures. That risks leaving their communities with a single source of local news, but only to that lesser extent that the BBC might be able to cover it, possibly some tiny hyper local outlets in some post codes and 'fake news' on social media.

There must be full review of Royal Charter, Licence Agreement, Ofcom's remit and powers, BBC governance and funding to ensure a tighter regulatory regime, particularly in respect of the BBC's licence fee funded and commercial activities, any development of them and their potential impact upon its commercial news publisher competitors at local, regional, national and international level.

However, it is vital that any review of BBC funding does not exacerbate the problems of the commercial media in competing with the BBC. Allowing the BBC to advertise across the breadth and

multitude of its operations built up by licence fee funding, would create a new realm of unfair competition which would undermine the commercial news media.

### **Future funding of news opens to independent commercial news publishers as well as BBC and public service broadcasters**

#### **Expansion of public financing of public interest reporter schemes**

**Local News Partnership:** Immediate expansion of the current Local News Partnership with the BBC as planned through increase of the Local Democracy Reporters from 150 to 200. LDRS are funded by the BBC, employed by local news organisations (broadcast, print or online) which satisfy the scheme's criteria for BBC award of the LDRS supplier contracts after public tender. LDR's work is made available for publication by all news organisations which satisfy the scheme's broader criteria for receipt of the material.

**Expansion and extension of public financing of public interest reporter schemes:** Public appetite for and appreciation of the trusted content of the UK's local, regional, and national newspapers, in print and online, has been forcefully demonstrated by the Covid-19 crisis. But help is urgently needed to sustain this journalism. The NMA/BBC Local Democracy Reporter Scheme reporters, whose brief has been widened to Covid-19 public interest reporting, shows the demand for such high-quality work. Now is the time to increase the numbers of such reporters, to cover not just councils but magistrates' courts, health trusts, schools, and other public bodies.

The Future News Fund pilot overseen by Nesta simply bypassed established UK news publishers, despite the fact that they employ the vast majority of local news journalists, reach huge audiences across print and online, are busy developing creative and innovative solutions, and have the infrastructure and expertise so vital to the sustainability of local public interest news.

Our concern is that time is running out for parts of our industry – principally the local press. Without swift and significant market intervention now, in the form of funding initiatives such as those already launched in Canada, Denmark and Australia, which would allow established local news titles to build their digital revenues and bridge the gap to a more sustainable future, the outlook for local journalism is bleak. This means that the flow of independent, high quality, local news and information which is so essential for the functioning of our democracy can no longer be guaranteed. We believe there is a strong case for the Government to provide funding for a much larger scheme, which would permit local titles to employ and direct the work of the reporters, maintaining high standards but expanding coverage. The tech companies could also be encouraged to contribute to the scheme.

If the Government is interested in sustaining news and information for local communities, it should not encourage, fund, or support BBC and other public service broadcasters' intervention and displacement of the existing local news publishers and other media.

Funding could instead be channelled into a pool that might fund extension of public interest reporters, employed by local publishers and others. This would sustain and support local journalism, print, online, broadcast, and other innovative services.

#### **Tax reliefs:**

Advertising tax reliefs for news media and other creative content channels, such as those introduced in Italy, would incentivise brands to advertise in news media, while benefitting the local, regional and national economy by assisting businesses to advertise and get back into business. This could be particularly helpful in kickstarting the local economy and helping both SMEs and local publishers.

These would need to be carefully framed to ensure that newspapers, magazines, broadcasters, and other content creators are the beneficiaries rather than the global tech platforms.

Creative industries' tax reliefs amounted to £1.1 billion pounds in 2018/2019, including support for local orchestras, theatre, art galleries, video games, children's TV, high end TV, animation, and film. As proposed by Cairncross, this form of relief could be extended to news organisations which employ journalists, to support spending on core activities such as investigative journalism, editorial, production and related publishing costs.

News Media Association  
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