

## Funding public interest media in the Internet era

### InternetNZ cares about media because media is now an Internet issue

InternetNZ offers a perspective on Internet issues facing New Zealand in line with our vision of an Internet for all and an Internet for good. This paper outlines InternetNZ's position on funding public interest media, because media is an Internet issue. The decisions New Zealand makes in this space will shape our whole information ecosystem, online and offline, in ways that affect everyone.

We don't think that government encouraging direct commercial discussions between the large platforms and New Zealand media companies - in a vacuum - is a good idea. Media deals with large international platforms won't necessarily support public interest media, could lock in incumbents in both media and tech, and might complicate the broader policy response to other issues around large online services.

Government should approach funding of public interest media in the context of an informed understanding of the interests of New Zealanders and of related issues in the broader information ecosystem, and as part of the upcoming media review. In [our discussion paper on an approach to scoping the media review](#), we suggest that once the government has identified the range of issues to be considered, it could then scope an impactful short term work programme to make progress in selected areas. The funding of public interest media could be one of these areas.

### Public interest media is important, and it is under threat

It is vital to New Zealand's democracy that New Zealanders can access good information from diverse sources. This includes access to quality public interest journalism that reports on things that the public have a right to know, that empowers New Zealanders to understand the news and current affairs, and that represents the diverse demographics, interests and cultures of our country ("**public interest media**").

Shifts to online audiences, advertising, and public participation have significantly disrupted the traditional news business model, challenging established ways of delivering local and public interest journalism in New Zealand. Discussion of these issues often focuses on problems with the dominance of platforms such as Google and Facebook in the New Zealand online advertising market. These problems are real, but are not the only ones facing the ability of New Zealanders to access public interest media.

Governments around the world are considering how to address these problems, including the Australian Government which recently introduced a media bargaining code to address power imbalances between Australian news media businesses

and digital platforms. The New Zealand Government has observed the Australian experiment with interest.

Government has a role to play to support access to public interest media in New Zealand, but it is important that its involvement is based on a comprehensive view of the problems to be solved and the goals to be achieved. The Australian approach has focused on platforms; we think a New Zealand government response should focus on people.

## What happened in Australia?

In 2017, the Australian Government [asked the Australian Competition and Consumer Commission](#) to conduct a broad investigation of policy issues related to digital platforms, including challenges to the provision of public interest journalism and challenges from market concentration in online advertising. This review defined key terms like public interest journalism, found that there was a concentration of power in two large players in the online advertising market, and recommended, among other things, a bargaining code for media organisations and platforms to address some of these issues.

In February 2021, following extensive analysis and public consultation, the Australian Government passed [legislation](#) putting in place a mandatory bargaining code to address power imbalance between Australian news media businesses and digital platforms. The code encourages parties to undertake commercial negotiations outside the code. Both Google and Facebook have reached commercial arrangements with some large Australian news media businesses, which have appeased regulators and media organisations in the short term.

The New Zealand Minister for Broadcasting and Media [has shown interest](#) in encouraging commercial discussions between New Zealand ‘traditional media’ and digital platforms similar to what has happened in Australia.

## We don't think media bargaining - in a vacuum - is a good idea

We think it is critically important to support and fund public interest media in New Zealand, and that it is a legitimate area of interest for government. We also recognise that the vast majority of digital advertising revenue is flowing to the large platforms and that they are a key potential source of funding.

But we don't think that government encouraging direct commercial discussions between the large platforms and New Zealand media companies - without the context of a comprehensive media review - is a good idea. Here are some of the reasons why.

### **Commercial negotiations won't necessarily achieve the aim of supporting public interest media**

Commercial negotiations between large online platforms and incumbent local media organisations, in a vacuum, provides no guarantee that the money being paid by the platforms will be used to pay or hire journalists, do more news

gathering, provide better or public interest journalism, or create/tell stories that represent New Zealand's diverse communities. It doesn't guarantee that new media companies or publications will be founded or thrive. It may therefore not achieve the goal of funding public interest media, or of getting good quality news and information online where all New Zealanders can access it.

A focus on platforms and publishers risks putting control of the New Zealand media landscape in the hands of overseas companies and New Zealand media businesses, rather than in the hands of the New Zealand government and people. Big companies aren't going to solve public good problems. With wealth and power come a moral responsibility to society, but ensuring that responsibility is shouldered has traditionally required a role for government.

### **Commercial media bargaining could concentrate news access in a few large organisations and harm New Zealand's media environment**

There is an existing problem that only a few news organisations operate in New Zealand. While direct commercial negotiations between Google/Facebook and existing New Zealand media companies could provide revenue to those specific businesses, it will not provide revenue for future players, for smaller players, or for independent players including scientists, journalists and bloggers who provide useful information to the public. This runs the risk of locking in those incumbent companies, and could drive further consolidation in the media industry in New Zealand. The problem of concentration in our news organisations needs fixing, it does not need to be made worse.

Direct commercial negotiations between Google/Facebook and existing New Zealand media companies will make New Zealand media more dependent on these platforms, not less. This risks entrenching the platforms as a vital source of funding for news media organisations. It could also entrench the position of either global social media platforms or incumbent news organisations as the best or only sources of information, which could undermine market competition and media plurality.

### **Taking a media bargaining approach without broader consideration could create unintended consequences**

Commercial bargaining between platforms and media companies is a solution without the examination or definition of the problem and consideration of options. We agree it is important to find and support ways to fund good quality media in New Zealand, but how the government approaches this issue will matter for related issues in the media ecosystem.

The media review hasn't happened yet. We think consideration of the issues surrounding the funding of public interest media (and broader content) in New Zealand should take place in the context of this review. Government should not risk setting commercial agreements as the cornerstone of its approach. Options should be considered in terms of how they will affect equally important related issues.

Misinformation is a good example. The ability for people to share and link material online, including news sources, has a range of benefits, including in the ability of people to identify and respond to the pressing challenge online misinformation presents to democracy in New Zealand and elsewhere. Locking people into getting their news from big platforms could exacerbate misinformation. Encouraging payment for linking to reputable sources may be counterproductive in addressing misinformation online as it makes quality news harder to access in a world where dangerous misinformation is free.

### **Government support for commercial negotiations could complicate the broader policy response to large online services**

Large online services, including those that dominate digital advertising markets, are a focus for a range of concerns about online conduct, content, and commercial activity. An approach that centres on these services as a key funding source and venue for access to journalism will complicate New Zealand's ability to address these other issues as we work through the policy problems and options to address them.

Commercial entities may decide to negotiate with or without government support, but encouragement by government to do so could signal some sort of support which may need to be stepped back depending on the outcome of the broader media review. It could also potentially put the government in a difficult position on related issues, such as competition reform.

### **A principled approach to funding public interest media in NZ**

Rather than giving large overseas platforms the opportunity to take more power and influence over New Zealand media, we hope that government will develop - in partnership with New Zealanders - a vision of a healthy information ecosystem, and choose tools and approaches that require the platforms to serve that vision, and that keep agency and control over our media with New Zealanders.

We think government should approach funding of public interest media in the context of an understanding of the interests of New Zealanders and of related issues in the broader information ecosystem, and as part of the upcoming media review.

### **Guiding principles**

We think identifying guiding principles could be helpful. We offer the following principles as a starting point:

*Support public interest media.* Access to quality news, investigative journalism, and representation in local stories is critical to democracy and civic participation.

*Enable local decisions about local media.* New Zealand agency and control over how local and public interest media that meets the needs of diverse New Zealand audiences should be supported and enabled.

Put people at the centre. Priorities and choices for public interest media should reflect the needs and interests of our communities, not those of large businesses.

Enable pluralism and opportunities from new technology. Media pluralism is an essential support to democracy. Pluralism in New Zealand media should be supported. Access to the Internet enables increased availability of media content, but entrenching incumbency in platforms that provide access to content on the Internet can reduce this effect.

Follow an inclusive process and listen to diverse voices. In understanding problems, identifying objectives, and in crafting solutions, there must be a role for not just government and industry, but also for different communities and diverse individuals. A multistakeholder process will support better outcomes.

### **Consider better ways to fund public interest media in New Zealand**

There are numerous alternative ideas for funding public interest media in New Zealand that could be considered against the above guiding principles and examined in terms of the broader vision of a healthy information ecosystem. These include:

Getting creative about taxation. A digital services tax, a levy on the revenue of large online service providers and commercial broadcasters, a tax on advertising revenue from in-NZ attention. Those revenues could (for example) be earmarked to support journalism and invested directly in nonprofit public media, administered by an independent public agency.

Competition law reform. Measures that reduce or compensate for the market power of large online platforms in markets such as online advertising and data aggregation, so as to enable sustainable and competitive local media.

A better media bargaining code. A media bargaining code that requires that funds allocated are used to create and support jobs in journalism and undertake other actions that support public interest media rather than other commercial objectives.

Voluntary funding for local choices about media. Platforms such as Google or Facebook could be encouraged to invest into an established vehicle for supporting quality New Zealand media such as a NZ on Air funding pool, plus a Māori media fund, instead of into commercial New Zealand media companies.