

NewsBrands Ireland opening statement to the Joint Committee on Tourism, Culture, Arts, Sport and Media on Future Business model plans and long-term vision for the media sector (Radio & Print Media and Journalism.)

Hello, my name is Colm O'Reilly and I am chair of NewsBrands Ireland, and COO of the Business Post group. I am joined today by my fellow publishers: Sammi Bourke, COO of the Farmers Journal, Conor Goodman, deputy editor of the Irish Times and Mark Deering, head of corporate affairs at DMG Media.

Thank you for the invitation to address you on Future Business Model Plans and Long Term Vision for the Media and allow me also to take this opportunity to thank you for supporting our campaign to reduce VAT on print and digital newspapers in Budget 2023.

Introduction

Our members produce multi-platform public service journalism that is not only central to a free and democratic society but also feeds the wider news eco- system with much of national and local radio and television relying on newspaper print and online journalism for their broadcast content.

News audience

Whilst print sales have been declining for the past decade, Irish news publishers are commanding larger multi-platform audiences than ever before with 82% of people reading a print or digital newspaper every week (Source: Kantar TGI 2022).

It is ironic that at a time when Irish citizens are hungrier than ever for quality news and news publishers are reaching a wider audience, the news publishing business has never been more economically challenged.

Three inter-related 'megatrends' have disrupted news publishing: the rise of digital platforms and the decline in both print circulation and advertising revenues. Print circulation has declined globally for a decade, and during that time publishers have had to completely re-think their business model and innovate their product offering.

Investment and Future Strategy

As sales of print newspapers continue to decline news publishers will continue to invest increasingly in digital / multi-platform models. Since 2016, NewsBrands publishers have invested nearly €20.5 million in capital expenditure, of which the largest single area of investment was €9.1 million in digital platforms. Driven by changes in consumer behaviour and technology advancements, publishers are distributing their news content in formats, and through distribution channels, that work best for their audience – audio, visual, written, graphical, experiential, data led - and how news fits into their daily repertoires and busy lives



In tandem with this, the role and responsibilities of journalists have expanded greatly with the transition to digital, requiring significant investment in training and upskilling; this is crucial to the ongoing development of publisher business models.

The industry is fully committed to the digital transition. However, the reliance on print revenues remains. Domestically and globally, 70% of publisher revenues still come from print. A further challenge comes in the form of a 150% increase in the cost of newsprint in the past 18 months, making the printed product increasingly expensive to produce.

Current and future business model

We set out in our more detailed submission to the Committee the models currently being developed by publishers, such as video on demand, podcasts, eMarketplaces etc; the areas publishers will focus on in the near future, such as short and long visual content creation which can be streamed online, or potentially distributed by TV stations and Gamification – e.g the New York Times crossword is an online interactive subscriber model which has more subscribers than the NYT itself.

In the longer term, publishers will invest in Web 3.0, Multi-verse and Interactive AI

Notwithstanding these significant changes to the original legacy print newspaper product, the core principles and values of news publishers remain as they ever were; a commitment to quality, fact checked journalism that can be trusted by Irish audiences; journalism that is accountable and professionally produced with a code of ethics and standards. The member news publishers of NewsBrands Ireland played a pivotal role in establishing the Office of Press Ombudsman and Press Council of Ireland, which is entirely funded by the industry. Our editors subscribe to the Press Council Code of Practice and are committed to the self-regulatory complaints mechanism that gives readers access to a free, quick and effective means to address complaints about a published article.

Challenges to investment

Generating revenue from new business models is challenging. The digital news ecosystem rewards the distribution of content by platforms vastly more than its creation by publishers. This was confirmed in a recent study by University of Cambridge which found that UK news content is worth around £1bn to the two main platforms, Google and Meta.

Despite the clear value that they derive from news publishers' content, these online platforms share little, if any, of these revenues with the publishers on whose news content they rely. Even when platforms have agreed to deals to license content with news publishers, the commercial relationship continues to be fundamentally skewed in the favour of the platforms. This 'inequality of arms' between platforms and publishers persists, notwithstanding the transposition of the EU Copyright Directive in Ireland. While this legislation has provided publishers with the legal rights to license the use of their content online by platforms, it does not provide any mechanism to compel the platforms to negotiate fairly, as other EU member states have provided for. We welcome the Future of



Media Commission recommendation that the EU Copyright Directive is assessed by the Dept of Enterprise, Trade, Employment within 12 months of transposition to establish how the legislation is working in practice and the actual and forecast economic benefits flowing to Irish publishers from negotiated agreements. The Directive was transposed in November 2021 but due to the delay in publication of the Future of Media Commission report, this timeline for a review is delayed.

Defamation

A key challenge to the availability of funds for investment in future business models lies with our current defamation laws. Criticised by both the European Court of Human Rights and the European Commission's Rule of Law Report, our defamation laws need urgent reform.

The high level of awards – far in excess of other jurisdictions - and related legal costs are having a profound impact on the financial viability of many local and national newspapers. Costs for defamation claims run to millions annually, 60% of which goes on legal costs.

We welcome the long-delayed publication of the report of the Review of the 2009 Defamation Act and we cannot overstate the urgency of implementation of more fair and balanced defamation legislation.

Conclusion

The challenges impeding ongoing publisher investment in future business models can effectively be addressed through policy and legislative change, which, in turn, will help quality journalism thrive in the digital age.

My publisher colleagues and I are happy to answer any specific questions now about our future business models.

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