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CPBF submission to the Cairncross Review

1. Introduction

1.01 The Campaign for Press and Broadcasting Freedom (CPBF) is an independent organisation that works for a more democratic, accountable and plural media. Since 1979 the CPBF has campaigned in favour of media freedom, for public service broadcasting and for greater equality of representation in, and accountability of, the mass media. The CPBF brings together members of the public and people working within the industry including the trades unions, in an continuing dialogue about the media and its role in society.

1.02 In considering our responses to this review, we find a number of the questions posed in your 'call for evidence' are of a technical nature and we do not have the resources to investigate or comment on them. Our comments, which are general in nature, are addressed to aspects of questions 2 and 6 with particular reference to regional and local media.

1.03 But in the end it all comes down to having the political will to make the changes that are necessary to recreate journalism as a public service and to create a better media not based on propping up failed market models but ones which supports those who hold power to account and empower citizens to participate more fully in society.

2. Background to Cairncross

2.01 In March 2108 the Government commissioned the Cairncross Review to look into the sustainability of high-quality journalism, and threats to journalism brought about by technological change and consumer behaviour. The Review headed by chairwoman Frances Cairncross, said: "This review is not about preserving the status quo. We need to explore ways in which we can ensure that consumers in 10 years time have access to high-quality journalism which meets their needs, is delivered in the way they want, and supports democratic engagement."¹

2.02 Whilst welcoming the setting up of this review, we share the concern of the National Union of Journalists who criticised the composition of the 11 strong advisory panel. General Secretary Michelle Stanistreet said on 12 March: "Today the Culture Secretary announced the review is to be headed by Dame Frances Cairncross and has named the panel. None of those named represent journalists on the ground who can explain exactly the effect of the present troubles in the industry are having on their ability to produce quality journalism and connect with their communities. We hope Matt Hancock (the then Culture Secretary) can ensure that the journalist's voice is heard during the process."²

1 <https://www.gov.uk/government/news/tackling-the-threat-to-high-quality-journalism-in-the-uk>

2 <https://www.nuj.org.uk/news/on-the-ground-journalists-must-have-their-say-in-the/>

2.03 We also share the concerns of journalist Roy Greenslade who pointed out in his article in The Guardian on 1 July '*Last chance to fill in the blanks on funding journalism future*'; "the panel includes publishers who have been responsible for journalism's deterioration, and who have a vested interest in making profits rather than aiding democracy."³ It is therefore important that as stated by chairwoman Frances Cairncross: "This review is not about preserving the status quo..."

2.04 The Review and its terms of reference were also attacked by Brian Cathcart writing on Byline on 29 March as; "...little more than a device to help him (the Culture Secretary) justify giving fresh public subsidies to his friends and supporters in the corporate press." He continued: "Far more likely is that he wants the review to propose some kind of tax and to help him sell the idea to the public and in Parliament by providing a winning rationale in the form of dire warnings about the plight of 'high-quality journalism'. So let's be clear: any money raised as tax is public money – our money – and the idea that this might find its way into the pockets of Rupert Murdoch, Lord Rothermere, the Barclay brothers or the people who run the Mirror and Express is unacceptable."⁴

2.05 Three months later the Department for Digital, Culture, Media & Sport (DCMS) published the 90 page review it had commissioned (the Mediatique report) which found that there has: "been a reduction in frontline journalism – from an estimated 23,000 full-time positions industry wide in 2007 to around 17,000 today"⁵ and circulation and print advertising revenues have dropped by more than half over the same period. Then Culture Secretary Matt Hancock said he was particularly troubled by the movement of local and classified advertising to online, which has contributed to the closure of more than 300 local and regional titles since 2007 – raising the prospect (already a reality for many) of communities being left without local news provision. Circulation of regional and local newspapers was also down in the same period by 51% from 63.4m to 31.4m.⁶

2.06 Over the same period there has been an increasing concentration of ownership of regional and local press (as well as at national level). According to a report in 2016 by Gordon Ramsay and Martin Moore '*Monopolising Local News*'⁷, four companies account for over 70% of the UK local newspaper market which has impacted on diversity and the range of local voices and opinion. Dr Ramsay, Research Fellow at the Policy Institute at King's said: "This study shows that the growing concentration of ownership in local newspapers, coupled with increasing cuts to editorial staff, is creating large areas in the UK where the public has a very limited choice of local news sources, and diminishing access to original local public interest journalism. The findings have policy implications for the existing media plurality framework and proposed interventions in local news, such as the BBC's proposal to support reporting of local authorities"⁸

2.07 The problem of the decline of local media—including, in some towns, the wholesale disappearance of local newspapers—leaving citizens starved of information and local institutions less accountable was also addressed in the Journalism Practice article '*Plurality, Policy and the Local: Can hyperlocals fill the gap?*'⁹ by Steven Barnett and Judith Townsend of the University of Westminster September 2014 which made recommendations for policy initiatives that would invigorate hyperlocal sites and therefore provide a real alternative for otherwise democratically

3 <https://www.theguardian.com/media/media-blog/2018/jul/01/journalism-funding-future-press>

4 <https://www.byline.com/column/68/article/2111>

5 https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/720400/180621_Mediatique_-_Overview_of_recent_dynamics_in_the_UK_press_market_-_Report_for_DCMS.pdf p5

6 https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/720400/180621_Mediatique_-_Overview_of_recent_dynamics_in_the_UK_press_market_-_Report_for_DCMS.pdf Figure 1, p6

7 <https://www.kcl.ac.uk/sspp/policy-institute/CMCP/local-news.pdf>

8 <https://www.kcl.ac.uk/sspp/policy-institute/news/newsrecords/2016/Lack-of-diverse-political-local-news-could-influence-voters-at-May-5-UK-Local-Elections.aspx>

9 <https://www.tandfonline.com/doi/abs/10.1080/17512786.2014.943930>

impoverished local communities.

2.08 One such idea is “a fresh examination of the rules surrounding charity status for journalism”, arguing that “Charitable status brings financial benefits as well as valuable reputational gains, and the vast majority of hyperlocal sites are clearly making important contributions to information, knowledge and democratic accountability in their local area. These civic benefits need to be recognised through a more flexible charitable regime which would not only enable existing sites to grow but would encourage new initiatives.”¹⁰. The same authors returned to and elaborated on this idea in an article published in *The Conversation* on 30 August 2018 highlighting the fact this “is well established in the US, where many non-profit journalism enterprises benefit substantially from philanthropy” and that in 2012, the UK’s House of Lords Communications Committee “urged the Charity Commission to provide greater clarity about what media activities might be classed as charitable under current law”¹¹. Moreover, the very same House of Lords Communications Committee encouraged the government to reform charity law as “the only way in which certainty in this area could be achieved”¹².

2.09 Many press publishers see Cairncross as an opportunity to argue for taxing the highly profitable internet companies such as Facebook and Google and shovelling the money their way. But would this ensure that the public get access to high-quality journalism, which in the words of Cairncross; “... meets their needs, is delivered in the way they want and supports democratic engagement”? This raises the serious question of the public's trust in journalism which also needs to be addressed.

2.10 'UK news media least trusted' ran the *Press Gazette* headline on their report on US Pew Research Centre’s survey which found that less than half the adults in the UK say that the news media is doing a good job at getting the facts right, the worst trustworthiness rate in Western Europe.¹³¹⁴ In his 2017 article *'Trust, newspapers and journalists: a review of evidence'*, Brian Cathcart states that “In a country where there is abundant evidence of journalists having failed to tell the truth, most people are not ready to trust journalists to do so”¹⁵. In order to restore trust publications must improve their standards, reverse cuts and widen coverage to improve their public service obligations.

2.11 Why the lack of trust? According to the authors of *Bias, Bullshit and Lies: Audience Perspectives on Low Trust in the Media*: “Among those who do not trust the news media, the main reasons (67%) relate to bias, spin, and agendas. Simply put, a significant proportion of the public feels that powerful people are using the media to push their own political or economic interests, rather than represent ordinary readers or viewers”¹⁶.

2.12 It is therefore clear that if the Cairncross review ends up recommending any money at all be used to subsidise or protect the distrusted legacy news corporations that dominate UK press, the public will deem them as merely “preserving the status quo”.

10 Steven Barnett & Judith Townend (2015) Plurality, Policy and the Local, *Journalism Practice*, 9:3, 332-349 <https://www.tandfonline.com/doi/abs/10.1080/17512786.2014.943930> p346

11 <https://theconversation.com/reform-charity-law-to-allow-funding-of-public-interest-journalism-102422>

12 <https://publications.parliament.uk/pa/ld201012/ldselect/ldcomuni/256/25608.htm#n152>

13 <https://www.pressgazette.co.uk/uk-news-media-least-trusted-among-eight-european-nations-to-get-the-facts-right-and-cover-important-stories-of-the-day-report-shows/>

14 Pew Research Center, May, 2018, “In Western Europe, Public Attitudes Toward News Media More Divided by Populist Views Than Left-Right Ideology” http://assets.pewresearch.org/wp-content/uploads/sites/13/2018/05/27124059/PJ_2018.05.14_Western-Europe_FINAL.pdf

15 <http://www.radstats.org.uk/no118/Cathcart118.pdf>

16 <https://reutersinstitute.politics.ox.ac.uk/risj-review/bias-bullshit-and-lies-audience-perspectives-low-trust-media>

2.13 The review should instead focus on ensuring standards are improved, promoting and upholding journalistic practices that most likely to counter sources of propaganda, disinformation and disengagement.

2.14 One recent attempt to improve local news gathering was the decision of government to force the BBC via the licence fee, to fund 150 'local democracy reporters'. This form of subsidy goes to the very media owners who in the past failed to invest in the future of local news, by putting profits before good quality journalism, shareholders interests before the public interest. This mistake must not be repeated by Cairncross.

2.15 If one accepts that public subsidy is necessary to save regional and local news from further decline, questions about just what sort of models should we look to for guidance, who should get such support and under what terms are questions that Cairncross should examine, as are the points made by Brian Cathcart and Roy Greenslade quoted earlier.

2.16 In the past the CPBF has supported the NUJ in its call for an economic stimulus plan for journalism with action aimed at encouraging a variety of voices across all platforms, a greater plurality, maximised through a combination of different models – commercial, public, mutual, employee, co-operative, for profit and not for profit.¹⁷ New media could be stimulated through public support in the form of start-up grants, subsidised technology or training grants, solutions driven by journalists and communities themselves – online radio, broadband TV print and online. This would be supported by tax breaks for local media who meet clearly defined public purposes (journalism as a service to the public) and tax credits for individuals subscribing to publications that meet such public purposes clear and enforceable conditions need to be applied that safeguard the production of original content in the public interest.

2.17 There are already a number of local innovative initiatives like Bureau Local, a collaborative, investigative journalism network producing local, data driven, public interest journalism to support, reinvigorate and innovate public service reporting across the UK (see Gareth Davies *'The story is in the numbers'* British Journalism Review June 2018¹⁸). These ideas need to be seriously examined by Cairncross.

2.18 So does a report by the National Assembly for Wales, Culture, Welsh Language and Communications Committee entitled *'Read all about it Inquiry into News Journalism in Wales'* published in May 2018 on funding public interest journalism: In the foreword to the report Committee Chair Bethan Sayed AM said: “We recognise that there is no simple solution to how best we address this issue in Wales. However, we are convinced that this is a profound public policy issue, which policy makers at all levels, not least the Welsh Government, need to address as a priority issue.”¹⁹

2.19 Wales of course, shares many of the serious problems faced in the rest of the UK, a similar crisis, just on a smaller scale. The report recommends that the Welsh Government should formally support public interest journalism, and Cairncross should seriously consider a number of the eighteen recommendations in the report for wider application across the UK as a whole. More especially we would draw your attention to recommendations calling for the nurturing the hyperlocal sector as a way of encouraging new entrants to the market (Recommendation 2) and supporting innovative approaches to the provision of local news journalism; the establishment of publicly-funded arm's length news hubs (Recommendation 4). The report also recommends that the BBC review the Local Democracy Reporting Service (Recommendations 14 and 15) in cases where often established jobs have been cut following the establishment of the BBC funded posts. Finally

¹⁷ <https://www.nuj.org.uk/news/nuj-publishes-plan-to-reinvigorate-local-journalism/>

¹⁸ <http://journals.sagepub.com/doi/abs/10.1177/0956474818781156>

¹⁹ <http://www.assembly.wales/laid%20documents/cr-ld11544/cr-ld11544-e.pdf>

Recommendation 18 calls on the Welsh Government to engage “with the UK Government to encourage it to re-visit the local media sector as a whole in the light of the local TV scheme's failure to offer a long-term solution to the lack of plurality and shortage of public-interest journalism in this field”. Cairncross should look carefully at the impact of local television and radio and their contributions to increasing the quality and diversity of regional and local news.

3. Funding

3.01 We believe that it is worth examining if funding for these new models of local news gathering (publicly-funded, arm's length news hubs), should come from a modest levy on major social media and search organisations. Platforms like Google and Facebook have diverted into their own revenues funds from advertising markets that previously helped sustain local newspapers. In addition there is considerable public concern over the ability of these organisations to avoid corporation tax by redirecting profits abroad where tax rates are lower, thus a modest levy on their digital advertising income would also be morally justified. For instance according to a report in The Guardian (*'Treasury targets Facebook and Google with 'Fair' tax system'* 22 February 2018²⁰) Google was criticised for paying just £5.1m in corporation tax in the UK last year, despite revenues nearly quadrupling to £842.4m on the back of increased advertising sales. Reports indicate that based on 2017 figures, a 1% levy on the UK revenues from digital advertising of Google and Facebook would raise in excess of £60m.

Recommendations

- 1. Whilst welcoming the setting up of this review and its aims, we share the views of Brian Cathcart and Roy Greenslade that it should not be a cover for giving further public subsidies to the very media owners who have failed to invest in regional and local news, which has led to the rapid decline in readership highlighted by the Mediatique report.**
- 2. We share the view expressed by the National Union of Journalists that the journalist's voice must be heard during the review process.**
- 3. We support the call by the NUJ for an economic stimulus plan for journalism with action aimed at encouraging a variety of voices across all platforms, a greater plurality, maximised through a combination of different models – commercial, public, mutual, employee, co-operative, for profit and not for profit (see section 2.16).**
- 4. The Review should seriously consider a number of the eighteen recommendations set out in the report by the National Assembly for Wales, Culture, Welsh Language and Communications Committee entitled 'Read all about it Inquiry into News Journalism in Wales' published in May 2018 on funding public interest journalism: the for wider application across the UK as a whole. More especially we would draw your attention to recommendations calling for the nurturing and encouraging the hyperlocal sector as a way of encouraging new entrants to the market (see section 2.18 and 2.19).**
- 5. We believe that it is worth examining if funding for these new models of local news gathering (publicly-funded arm's length news hubs etc), should come from a modest levy on major social media and search organisations (see section 3).**
- 6. We have serious concerns about the BBC Local Democracy Reporting Service where often established jobs have been cut following the establishment of the BBC funded posts and support Recommendations 14 and 15 set out in the Welsh Communications Committee 'Read all about it Inquiry into News Journalism in Wales'.**
- 7. On publication of your report there should be a further period of time for comment on your proposals.**

20 <https://www.theguardian.com/business/2018/feb/22/treasury-targets-facebook-google-fair-tax-system>