

The Contribution of the National News Publishing Sector

1. Introduction

NewsBrands Ireland has already made a detailed submission to the Future of Media Commission as part of the earlier public consultation.

This document sets out primarily the economic contribution of the national news publishing sector with data compiled by BDO Ireland, who conducted a survey of our members in January this year.

2. Social Contribution to Irish Society

What would an Ireland without news publishers be like?

Who would ask the awkward questions that need to be asked of powerful people and institutions. Who would reveal what the powerful want hidden, or campaign for the marginalised and highlight injustice? Who would send brilliant wordsmiths to capture the magic of the Special Olympics, a County Final or the opening night of a new Druid play?

Facebook? Google? Twitter?

The broadcast media day starts and ends with newspapers. Our content is shared, reproduced, and further built on by other players in the communications ecosystem across TV, radio and social media. Without the investment made by news publishers, much of this content would not be available to others.

Unfortunately, our ability to maintain investment in the public service journalism that is so much part of the Irish news ecosystem is threatened.

The evolution of how people consume news has seen reading habits diversify to multi-platform. The industry faces challenges but these are fundamentally about revenue decline rather than audience decline. There has been a gradual reduction in print circulation as reading habits shift online but this has been more than compensated by huge growth in digital audiences. Irish news publishers are now reaching 72% of the public every week on the platform or device of their choice.

In the face of quite substantial revenue decline, the national news publishing sector continues to make an invaluable social contribution to Irish society:

- **Defending truth** – through its commitment to public-interest news and investigative journalism, NewsBrands members promote transparency and accountability and provide a trusted source of information. This is more important than ever in a world increasingly dominated by misinformation and disinformation that has destabilised erstwhile strong democracies in a way unthinkable up to very recently.

- **Promoting democracy** – by informing and educating the public, the national news publishing sector plays a constitutionally recognised role in informing and educating the public and by keeping them engaged in politics, social issues, the economy and government.
- **Advancing culture** – NewsBrands members play a central role in promoting a sense of national community and in highlighting the wonderful cultural and sports offerings available in Ireland.
- **News and Media Literacy** – our Press Pass initiative is a complete student journalism and news literacy programme which is designed to empower second level students to recognise responsibly produced news and learn how to produce their own journalism. Press Pass helps teachers to incorporate news media in their lessons. In doing so, students are encouraged to not only consume the news but to actively discuss it, question it, and reflect on it. The programme is entirely funded by news publishers and has reached approx. 90,000 TY students to date from a diverse range of backgrounds at schools across the country.

These social contributions to Irish society can only be sustained by a diverse and pluralistic media market. They will not be nurtured by a California-based social media duopoly. In the words of Alan Cox, in his foreword to the 2021 Core Outlook¹:

The prognosis for the future is concerning. Without government intervention, the number of indigenous outlets, and the range of what they cover, will continue to shrink.

3. The Economic Contribution of the National News Publishing Sector

Despite significant commercial pressure over the last decade, NewsBrands members continue to make a **significant economic contribution** to society².

- NewsBrands members are estimated to contribute over **€70m** directly each year to the national exchequer in value added taxes, payroll taxes, commercial rates and corporation tax. When indirect and induced payments are added, the overall total **exceeds €130m** per annum.

¹ www.onecore.ie

² In quantifying the extent of the industry's impacts, they are considered based on: (i) direct impacts, (ii) indirect impacts, and (iii) induced impacts.

i. **Direct** - the contribution generated by the operations of newspaper publishers, printers, distributors and retailers in Ireland.

ii. **Indirect** - these consist of inputs supplied by Irish firms to news publishers' operations in Ireland. Such inputs include the purchase of raw materials and other supplies, professional services, utilities etc.

iii. **Induced** – these further 'knock on' impacts arise when those employed directly by the news publishing industry and by their Irish suppliers back through the supply chain spend their payroll in the wider economy.

- Combining publishing, printing and distribution staff, NewsBrands members directly employ **2,690** people today. When indirect and induced employment is included, the estimated total **exceeds 3,800**.
- The sector's combined print and digital audience reach has never been higher with average weekly circulation volumes exceeding 2.4million copies together with a combined digital audience of 51.8 million monthly unique users across desktop, tablet, mobile web and mobile app. Approximately 25% of the audience is from outside Ireland.
- 2020 capital expenditure by NewsBrands members exceeded €5m, broadly in line with recent years. But, in 2019, total defamation costs, exceeded €4.5m (also consistent with recent cost levels).

Contribution to the National Exchequer

The overall tax contribution of the sector to the national exchequer – in terms of payroll taxes, commercial rates and corporation tax - is considerable, totalling over €70 million in 2020.

Exchequer Contribution €M	Publishing	Printing & Distribution	Total
Payroll taxes (including PRSI)	€28.5	€3.9	€32.4
Commercial Rates (to Local Authorities)	€1.0	€0.6	€1.6
Corporation Tax	€0.4	€0.2	€0.7
Value added tax (gross, before deductions)	€36.2	€3.2	€39.4
Total	€66.1	€7.9	€74.1

When indirect and induced payments are added, the overall total **exceeds €130m** per annum.

Revenue

While annual revenues have fallen significantly over the last decade, they were still around €300m in 2020.

Total Revenue €m	2020
Print Revenue	€179
% of Total	60%
Advertising Revenue	€104
% of Total	35%
Digital Subscription	€15
	5%
Total	€298

It is notable that, while the sector has worked hard and invested considerable amounts, growth in digital income has fallen considerably short of the loss of revenue from traditional sources.

Employment

The sector employs 2,690 people at an annualised cost of €147.9 million.

Total Sector Employment Numbers & Costs	Total	Annualised Cost* €
Publishing Staff	1,788	€110,662,411
Printing & Distribution Staff	903	€37,231,153
Total	2,690	€147,893,564

When indirect and induced employment is included, the estimated total **exceeds 3,800**.

Market Reach and Contribution to retail sector

The sector's market reach in terms of print sales remains strong with 2.4m copies sold each week, 126.6 million copies annually.

Sold at over 4,500 retailers around Ireland, newspaper sales contribute €58m annually in margins to retailers.

Newspapers are a daily purchase and with an average newspaper purchaser spending €14 euro in the shop when they buy their paper, that represents an annual value of € 1.9bn to the retail sector.³

Circulation Volumes	
Annual sales volume	126.6m
Average weekly sales volume	2.4m
Average Retailer Margin %	24%

³ Behaviour & Attitudes consumer research, Nov 2019

Digital Reach

It should be noted that, while digital revenues remain modest, the digital reach of the sector is considerable with consistent growth, as evidenced by website visit data. Our members' digital offerings also allow people outside Ireland up-to-date access to news and developments here.

Digital Audience	Average monthly page/screen views	% outside Ireland	Average monthly website visits	% outside Ireland	Average monthly of unique users	% outside Ireland
Desktop	46,377,040	22%	31,600,666	24%	8,593,720	32%
Tablet	20,246,866	18%	22,428,833	19%	1,907,827	24%
Mobile web	226,591,606	18%	133,355,161	18%	40,447,849	24%
Mobile app	39,595,313	17%	16,419,454	13%	823,284	15%
Total	332,810,824	19%	203,804,115	19%	51,771,044	22%

Investment Levels

It is estimated that NewsBrands members invested €6.5 million last year. The industry's response to a changing marketplace can be seen in recent years in the steady rise of investment in digital platforms as a share of the total.

Capital Expenditure (Publish, Print & Distrib)	2016	2017	2018	2019	2020 forecast
Total Capital Expenditure	€4,417,373	€6,291,033	€5,720,077	€6,518,011	€5,565,019
Investment in Tangible Fixed Assets	€2,060,849	€3,617,957	€2,594,148	€2,933,765	€1,837,379
Other	€1,283,929	€239,500	€1,361,517	€660,614	€375,524
Investment in Digital Platforms & Software	€1,041,052	€1,378,591	€1,547,265	€3,023,632	€3,385,116

Defamation Costs

Defamation costs represent a significant editorial and economic burden on the sector, ranging between 1% and 2% of total costs over the years for which complete data was assembled. Legal costs account for more than 60% of the total cost. It should also be noted that defamation expense levels rival industry wide capital expenditure.

Total Costs of Defamation Claims (inc legal costs)	2017	2018	2019
Total Defamation Awards, €	€6,091,915	€3,926,447	€4,553,491
As % of Total Costs	1.8%	1.3%	1.6%
As % capital expenditure	97%	69%	70%

Large Economic Contribution Despite Small Size of National Advertising Market

The national news publishing sector makes all these contributions despite a national advertising market which has become increasingly dominated by Google and Facebook.

Core Media⁴ in its Outlook 2021 report state that the level of funding over the last two decades to support the indigenous sector has fallen by €162m. In 2000, the total amount of advertising money invested in media in the Republic of Ireland was circa €630 million with circa 96% of this going to indigenous media. In 2020, the total market spend was circa €903 million, with indigenous media’s share falling to 49%. It’s worth noting that NewsBrands advertising revenue in 2000 was €274 million, compared with €104 million in 2020.

Google and Facebook secured €403 million in ad revenue in Ireland in 2020, representing approximately an 84.4% share of total digital ad spend in the market, or 44.6% of total ad spend. NewsBrands digital ad revenue was less than €26m in 2020. In fact, our digital ad revenues have flattened in the past five years.

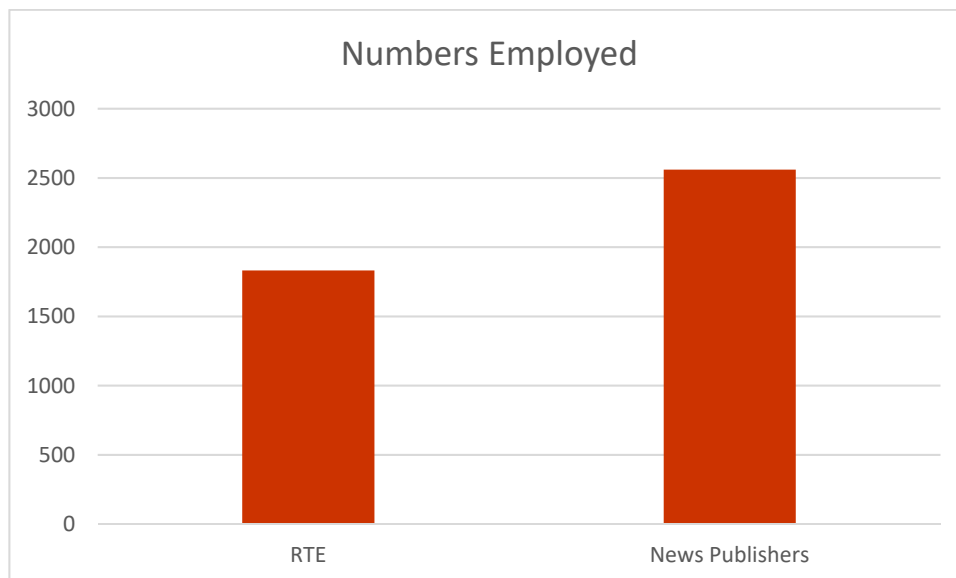
Core Media predict that Google’s ad revenues in Ireland will increase by 14% this year and Facebook by 12%.

⁴ www.onecore.ie

RTÉ's position in Irish media market

RTÉ is rightly a valuable national institution as our public service broadcaster. But its licence fee funding (€196.3m in 2019) is very significant in the context of the combined total revenues (advertising, print sales and subscriptions) of NewsBrands' members of €298 million. Further, employment supported by news publishers⁵ is much larger than RTÉ.

RTÉ has also become a major online publisher of written content. Leveraging public service content, funded by the licence fee, its website competes directly with commercial Irish media who must fund content themselves.



4. Conclusion

The problems facing the news publishing industry are fundamentally about revenue decline rather than audience decline. Publisher investment in developing a multi-platform business model has ensured that the audience for their public service journalism continues to increase.

The sector's contribution to the exchequer, to employment and to other sectors, like retail, are clearly set out here. Likewise, our very important social contribution to society. But declining ad revenues in a market increasingly dominated by Google and Facebook, coupled with onerous defamation costs means that there is less money available for investment in public service journalism.

⁵ BDO survey, RTÉ annual report

The recommendations we set out in our earlier submission and reiterated in our contribution to the thematic dialogues are not about saving traditional print newspapers.

Rather they are to create a business environment that will sustain quality news publishing companies into the future – professional companies who are independent of the state, who are responsible, and who generate much of the news and agenda-setting journalism in our communications ecosystem.

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