

Australia news media 'large and small' discuss Google deals

February 17 2021, by Rod McGuirk



In this March 29, 2018, file photo, the Facebook logo on a screen at Nasdaq in Time Square, New York. Australia's Parliament will debate making Google and Facebook pay for news after a Senate committee on Friday, Feb. 12, 2021 recommended no changes to the world-first draft laws. (AP Photo/Richard Drew, File)

Google is quickly negotiating generous deals with big and small Australian media companies to pay for news as lawmakers consider forcing digital giants into such agreements, Australia's treasurer said Wednesday.

Seven West Media on Monday became the largest Australian news media business to strike a deal with Google to pay for journalism. Its rival Nine Entertainment is reportedly close to announcing its own agreement.

Treasurer Josh Frydenberg confirmed that state-owned Australian Broadcasting Corp. is also in negotiations and plans to spend any Google revenue on regional journalism.

"There are negotiations going on with all the major players and the minor players at the moment," Frydenberg said. "This will help sustain public interest journalism in this country for years to come."

Frydenberg said "none of these deals would be happening" if not for proposed legislation to create a so-called News Media Bargaining Code.

Lawmakers were debating amended legislation to create the code in the House of Representatives on Wednesday.

The code would create an arbitration panel to set a binding price for news in cases where Google and Facebook fail to reach deals with media companies whose original journalism they link to.

"Everything that I have heard from parties, both in the news media business and in terms of digital platforms, is that these are generous deals," Frydenberg said.

"These are fair deals. These are good deals. These are good deals for the

Australian media businesses," he added.

Google and Facebook, which take a combined 81% of online advertising in Australia, have condemned the code as unworkable.

Google says it might make its search engine unavailable in Australia if the code is introduced. Facebook said it might block Australians from sharing news if the platform has to pay for news.

Frydenberg said after weekend talks with Facebook CEO Mark Zuckerberg and Sundar Pichai, chief executive of Alphabet Inc. and its subsidiary Google, that he was convinced the platforms "do want to enter into these commercial arrangements."

Frydenberg denied he had given ground to Zuckerberg and Pichai by agreeing to amend the legislation.

"We have held the line and held it strongly," Frydenberg said. "And the digital giants have been left in no doubt about the . . . government's resolve."



This Sept. 24, 2019, file photo shows a sign on a Google building at their campus in Mountain View, Calif. Google was quickly negotiating generous deals with big and small Australian media companies to pay for news as the Parliament considers forcing digital giants into such remuneration agreements, a minister said on Wednesday, Feb. 17, 2021. (AP Photo/Jeff Chiu, File)

Google confirmed it was "in discussions with publishers large and small." Facebook is also seeking news deals, but said it didn't have "anything to confirm at this time."

The Australian deals with Google are being negotiated under Google's own model, News Showcase. The company has reached pay deals with more than 450 publications globally since it launched News Showcase in October.

Investment bank JPMorgan estimated that Seven West Media could receive between 39.5 million Australian dollars (\$30.6 million) and AU\$69.2 million (\$53.6 million) a year from its content deal with Google based on an analysis of similar deals in France.

Nine signed a letter of intent with Google for a deal worth more than AU\$30 million (\$23 million) a year for five years, The Sydney Morning Herald, which is owned by Nine, reported.

The newspaper cited anonymous industry sources familiar with the negotiations who could not speak publicly because of confidentiality agreements.

Nine said in a statement it was having "constructive discussions" with Google and Facebook.

Google announced two weeks ago that it had begun paying seven far smaller Australian websites under News Showcase. Prices have not been revealed.

Facebook has a comparable product called Facebook News, but it's not available in Australia.

Some media analysts are surprised that Australian media companies would strike News Showcase deals when they stand to make more money from compulsory arbitration under the government's code.

Frydenberg suggested that Google's threat to quit Australia had receded as the "speed of these negotiations has picked up."

"We have sought to keep the major players in Australia," Frydenberg said. "Google had talked about leaving Australia. We never wanted that to take place. They are an important part of the digital landscape era."

Marcus Strom, president of the Media, Entertainment and Arts Alliance, the Australian journalists' union, said media companies have a moral obligation to revenue from the digital platforms in news gathering.

"Any monies from these deals need to end up in the newsroom, not the boardroom," Strom said. "We will be pressing the case for transparency on how these funds are spent."

Google is facing pressure from authorities elsewhere to pay for news. Last month, it signed a deal with a group of French publishers that paves the way for it to make digital copyright payments. Under the agreement, Google will negotiate individual licensing deals with newspapers, with payments based on factors such as the amount published daily and monthly internet site traffic.

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