

# **FRIENDS OF FAIRFAX**

## ***SUBMISSION TO THE AUSTRALIAN PRODUCTIVITY COMMISSION INQUIRY INTO THE BROADCASTING SERVICES ACT***

The Friends of Fairfax was founded ten years ago to lobby for the maintenance of media diversity in Australia. It was established by journalists employed at Fairfax at a time when Warwick Fairfax had lost control of the company and receivers had been appointed and had placed the company on the market. Working with the Media Entertainment and Arts Alliance, and a Melbourne-based group, the Age Independence Committee, Friends of Fairfax lobbied the receivers to introduce a charter of editorial independence. After some dispute, the receivers agreed to support the charter which was subsequently endorsed by the new owners and the then board chairman, Sir Zelman Cowen. The charter remains in place today.

Journalists established Friends of Fairfax as a public lobby group to promote the single most important issue for journalists - the maintenance of editorial independence which we believe can only come from diversity of media ownership. Friends of Fairfax has not opposed foreign ownership of Australia's media and did not oppose Mr Conrad Black's control of the company in late 1980's and early 1990's.

While editorial charters may be of some use, they are no substitute for the vigorous competition that only comes from a multiplicity of media owners. Our view is simple; three owners are better than two, and four owners are better than three. Friends of Fairfax is a non-profit organisation which raises funding as needed by donations and through well-attended public functions. It has no formal membership structure and is run on open lines by a loose coalition of Fairfax journalists. Friends of Fairfax has no other links to the Fairfax organisation and, indeed, has often been at odds with the board and management of the company.

On two separate occasions hundreds of members of Friends of Fairfax distributed tens of thousands of leaflets warning of the perils of further media concentration. You should be aware that thousands of readers of newspapers took the time to write to Friends of Fairfax and to fax politicians expressing their concerns. These letters demonstrated the real concerns about the issue that exist in the community.

We make this submission in part to respond to the submission and subsequent public comments made by the ceo of Fairfax, Mr Fred Hilmer, when he advocated the dismantling of cross media ownership laws. Fairfax staff were particularly offended by Mr Hilmer's assertion to the ABC that anyone should be entitled to buy Fairfax and that the price paid was the only real issue.

Mr Hilmer later met with representatives of Friends of Fairfax at which strong concerns about the company's submission to your inquiry and his subsequent public comments were raised with him.

Mr Hilmer apologised for appearing to speak for the Fairfax journalists on these issues and said he had been quoting support from his senior executives for the company's change of position on cross media ownership laws.

After the meeting on May 14, the following note was issued to all journalists at Fairfax:

*A few of us met Fred Hilmer this afternoon to discuss what he's been saying over the last few days about cross media ownership laws. For those who didn't hear the ceo on AM, Hilmer said, 'we live in a free society and if people want to buy us, then they are able to do that. And my concern and I think the concern of our staff, is we aren't sold cheaply.' We asked Hilmer what he meant by this as the notion of anyone being free to buy Fairfax is contrary to what the 'staff' of the Fairfax papers has been saying publicly for about the last decade. We briefed him on this, explaining how Fairfax journalists had campaigned, lobbied and fought for maximum media diversity through strong cross media ownership laws.*

*Hilmer apologised for appearing to speak for the journalists here. He explained he was quoting support from 'senior executives' and said he was well aware that it was largely the journalists who had kept the papers viable and profitable in the crises of the past decade.*

*Hilmer remains convinced Fairfax is in a stronger position for dropping support for cross media ownership laws, but acknowledges that journalists may take a contrary position.*

*Matthew Moore, Bernard Lagan, Jeni Porter, David Marr.*

The Friends of Fairfax strongly support the retention of the existing cross media ownership laws in the absence of any other mechanism to maintain or increase the number of media owners. It is our view that there exists a more vibrant, interesting and better-resourced media in Sydney and Melbourne because of the competition that diversity of ownership promotes. Every working journalist is judged according to how well he or she competes with the opposition, especially opposition newspapers. In cities like Brisbane, Adelaide and Perth, where there is only one daily newspaper, editorial quality suffers through a lack of competition and the readers are less well served.

On some stories the lack of diversity makes little difference. Coverage of accidents, and crimes for instance, police rounds stories as they are known, may not be compromised through lack of diversity. However, on large and more difficult issues of national and statewide significance a lack of diversity can and does compromise coverage. Difficult stories don't get covered as often. Newspapers have no trouble filling their pages; but with no competition it's easier to fill them with stories written by junior reporters that are cheaper to produce.

Much serious journalism is a slow, difficult and often expensive process of gathering information which vested interests would prefer did not appear in public. Journalists and editors do it partly because it's what they are trained to do, but partly because they want to beat the opposition. It's a simple principle - competition makes for better newspapers. If there's no real competition, editors and newspaper owners are much less inclined to pursue those difficult stories.

As media companies expand into other areas, a diversity of ownership becomes ever more important. Big media companies these days have interests in all sorts of areas and these interests create potential conflicts of interest. For example, when does Mr Kerry Packer's The Bulletin magazine, or his television network, Channel Nine, actively pursue stories on

the family's extensive business interests? Similarly, when do the Murdoch papers actively pursue stories that may contain some criticism of other Murdoch companies?

Supporting these generalised comments with documented evidence is always difficult as newspapers do not provide reasons for their decisions not to publish certain stories. Indeed there are lots of reasons papers publish one story ahead of another including the fact that papers often don't like following up stories published elsewhere. Journalists talk among themselves about who has published what, but apart from the ABC's media watch program, there is no tradition in Australia of the media vigorously reporting on itself and examining which stories certain media consistently shy away from.

Anecdotal evidence is common enough, but it tends to get forgotten quickly as no-one records it. Super League is the best known example of ownership considerations influencing the reporting of news. It's hardly surprising, given the financial investment by News Ltd in Super League, that its journalists and editors were highly conscious of how their reports could influence the success or failure of the Super League plan. Likewise, the close alliance between the Nine network and the Australian Rugby League led to accusations that their reporters were compromised by a conflict of interest in covering the story. Clearly, the only way to guarantee the public can be well informed on an issue like this is by having a number of strong, independent media outlets.

Although Fairfax does not have the extensive non-media business interests that the Packer and Murdoch organisations have, it too can be reluctant to report as vigorously on its own affairs as it regularly reports on those of its rivals. For example, there was considerable internal debate at both The Sydney Morning Herald and at The Age last year when both papers intended carrying a report that the then editor-in-chief of the SMH, Mr John Alexander, had flown to the Pacific for a meeting on a yacht owned by Mr Kerry Packer. At a time when there was widespread public speculation about changes to the cross media laws that would have allowed Mr Packer to take over Fairfax, this was a highly contentious story and involved the then chief executive of Fairfax, Mr Bob Muscat. The Herald carried a report, The Age did not.

The Murdoch organisation in particular has often given more prominence to the corporate uncertainty which has dogged the Fairfax organisation over the last ten years than has the Fairfax publications.

Friends of Fairfax rejects the argument that the internet and other new publishing avenues increase the diversity of news and opinion on matters of significance to the Australian community. Journalism requires substantial resources over a sustained period if it is to play a significant role disclosing information. It's no surprise then that the most popular journalism websites are all owned by the big media players including the ABC. Little companies just can't compete, can't afford to have scores or hundreds of full time journalists following stories every day, sometimes for years. What is happening is the big players are reworking republishing their journalism for publication in different forms. If you scrapped the media rules, and Mr Packer achieved his aim of taking over Fairfax, it's highly doubtful if he would continue to employ the few separate journalists who work at his Ninemsn website, Rather, he would be likely to use material from Fairfax for the site - in what would be a further diminution of diversity of news and opinion.

In short, we are saying that only a diversity of media ownership will ensure a wide variety of information and opinion on critical issues.

We believe any abandonment of the existing cross media ownership laws would quickly lead to less diversity of views and sources of information in the Australian media. Without such laws, the Fairfax organisation would immediately be at risk of being absorbed by either the Murdoch or the Packer organisations with a real diminution of the news and opinion available to readers.

Mr Kerry Packer has long made clear his desire to acquire control of the Fairfax organisation.

This would result in a vastly reduced pool of available media outlets to the reporting of the political process and, perhaps of most concern, the likely concentration of reporting across various mediums owned by either the Packer or Murdoch organisations. Friends of Fairfax has fought hard to maintain three separate, independent bureaux in the Canberra press gallery for the major Fairfax titles, The Sydney Morning Herald, The Age and The Australian Financial Review because we believe they are each essential to providing their readers news and information prepared with their perspective in mind. By contrast the Murdoch organisation operate a 'super bureau' in Canberra which services all mastheads apart from The Australian.

The Packer organisation shares its pre-eminent political correspondent, Laurie Oakes, between television and print.

Members of your inquiry would be aware there has been an inquiry by the ABA into the issue of whether the Packer organisation exerts influence over Fairfax. Despite a finding it does not, there remains a degree of scepticism within the community on the issue.

To address such perceptions - and the potential for the circumvention of the existing laws by board structures and other means - we believe there is a strong case to lower the existing 15 per cent ownership limit. We believe this level is too high and may be anti competitive.

Representatives of the Friends of Fairfax organisation would welcome the opportunity to appear before your inquiry to elaborate.

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