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## Australian journalism

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When, within a few weeks of each other, in the second half of 2008, first the head of the journalists' union, Chris Warren, and then the head of the Australian Broadcasting Corporation, Mark Scott, both hailed Rupert Murdoch as a bastion of quality journalism in Australia, then you know you are in trouble.

There is a much deeper pessimism pervading Australian journalism now than there was a decade ago. The global financial crisis of late 2008 crystallized the sense of crisis, which derives from three distinct sources.

Firstly, it put the focus, yet again and more urgently, on the perennial issue of how the indispensable democratic role of journalism is sustained by private sector activity. What invisible hand will align the profit-seeking activities of individual businesses with the public interest? In particular what configuration of economic factors will sustain and nourish, or even permit, quality journalism?

Secondly, long-term trends in the mainstream media are making the business models which have sustained the conventional news media more financially precarious. The falling circulation of newspapers, and their decreasing attractiveness to advertisers, especially classified advertisers, with the rise of the internet, is one source of this long-term pessimism. At the same time, the commercial television networks are facing severe business challenges from the advent of the multi-channel environment and the growth of the internet. They are losing share of the viewing audience as the audience fragments, with more viewers going to pay TV and with new digital free to air channels set to further erode their numbers. Moreover, as younger viewers especially move to the internet, the numbers watching TV itself during peak hours is declining as a share of the population. The threats to revenue have brought renewed pressure to cut the cost of production.

Thirdly, however, long-term trends are always complicated by more immediate business and organizational factors. In the short term the problems of the major media companies have been greatly compounded by self-inflicted

debt problems, debts which have nothing to do with television as an industry but rather with the business moves of its owners.

Long the most profitable network, Channel Nine made headlines three years ago when James Packer sold three-quarters of the network, whose first owner had been his grandfather, Frank, to the private equity group CVC. Some analysts at the time thought that the only way the highly leveraged company could make a profit in a shrinking market was to radically cut costs, a prospect that did not augur well for news and current affairs, or for Australian content more generally. Several large cuts were subsequently made in news programming. However, it was not enough to keep the network buoyant, and in late 2008 it was seeking to make a further share issue to raise cash. At this stage, Packer, who had redirected his business empire towards the more financially certain area of casinos and gambling, resigned from the Board.

In recent years the Seven network, owned by Kerry Stokes, had surpassed Nine in the ratings and revenue races. Stokes's own fortune had been considerably enhanced by the half sale of the network to another private equity group, but while he enters the global financial crisis well cashed, the Seven network still had extra financial challenges because of the equity group's strategy.

The other network, Ten, which has normally run third among the commercials, has operated profitably since the early 1990s, when it was taken over by the Canadian company Canwest. It did not try to match the two larger networks, but instead went for soap operas (most notably *Neighbours*) and later Australian versions of *Big Brother* and other reality TV, aiming for a youth audience and being content with a smaller audience share. This strategy of losing cheaply had proved profitable. However, its parent company had become highly leveraged because of its corporate activities in Canada.

In the early 1990s, Australian TV networks had, because of ownership machinations in the late 1980s followed then by a recession and high interest rates in the early 1990s, found themselves with similar debt problems, despite the industry's high innate profitability at that time. Arguably, the internal changes in management outlook then resulted in long-term changes that took commercial TV news and current affairs more down-market. The fear now is that a similar logic will be applied again, even more relentlessly.

The two public sector networks, the ABC and the multi-cultural Special Broadcasting Service (SBS) both endured 11 and a half years of hostility and budgetary pressures from the Howard Government, which leaves them ill-equipped to meet the challenges of public broadcasting in the multi-channel environment.

In newspapers, the trends have been just as gloomy. The remarks by union head Warren, cited at the start of this article, were prompted by industrial disputes following layoffs at the Fairfax company, the publisher of Australia's most venerable quality newspapers, *The Age*, *The Sydney Morning Herald* and *The Australian Financial Review*. Rupert Murdoch once talked enviously about the 'rivers of gold', the classified advertising that provided the financial basis for his corporate rivals. In recent years, however, he has observed how rivers sometimes dry up.

The Fairfax group had traditionally allowed a greater degree of editorial independence than other press companies. It was the most punctilious in observing the separation of church and state, of editorial matter and commercial considerations. But financial stress and management upheavals have eroded such traditions.

Nevertheless, the Murdoch company has had its own problems. Although its global size and complexity protect its Australian newspapers from the full financial ramifications of their performance, their circulation and advertising revenues have been no better than the Fairfax papers. Moreover, twice in two years, in Australia and then in the United States, an electoral victory has occurred in the face of the editorial stances of the Murdoch press, their ideological conservatism standing in the way of them capturing and building upon the public mood.

Although it may not be inevitable, it seems that such financially straitened prospects in the news media are always accompanied by management tensions. The four Melbourne and Sydney newspapers all changed editors within a matter of months in 2008, while protests by journalists against managerial and editorial actions seem to have become widespread through the industry.

A change of government, and especially the advent of a Labor government, often energizes political journalism in Australia, and in many respects this has been true since the election of Kevin Rudd in November 2007. However, it is the economic trends in the media itself that have induced such widespread pessimism among Australian journalists.