

SUBMISSION TO THE INDEPENDENT MEDIA INQUIRY  
November 2011

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## **1. Summary**

This submission arises from our joint research project with the Walkley Foundation funded in 2009-2011 by the Australian Research Council. The project is titled 'From the Rivers of Gold to the Clickstream: Newspapers and quality journalism in the Internet age' (LP0990734). Research from this project has been used in this submission to respond particularly to part b) of the Terms of Reference, regarding changes to the media business model and their impact on quality journalism.

Our focus is newspapers and evidence of a decline in political reporting resulting from disinvestment in quality journalism. This gap is cause for growing concern amongst journalists, academics and policy-makers both here in Australia and overseas. There are few signs that either commercial media markets or online news ventures will evolve quickly enough to resolve the problem. At the same time, there are no easy solutions to be found in government intervention.

We believe the most important challenges of the moment are:

- to guarantee the independence and freedom of the press and free speech,
- to secure the future of Australia's workforce of professional journalists and support their retraining for multiplatform news production,
- to extend the role of public sector journalism,
- to address the growing gap in news content,
- to foster newspaper readership, news literacy and consumer demand for quality journalism.

## **2. Background to the Submission**

The aim of our research was to understand the implications of the global crisis in the traditional newspaper business model provoked by the migration of advertising online for the future of printed newspapers in Australia, their newsrooms, and the quantity and quality of journalism they produce. This is not just an economic or technological issue. Newspapers continue to provide the broadest coverage of international, national, state and local politics. The relationship between the media and politics is complex, even vexed, but there is no question of its relevance to an engaged citizenry or a robust democratic political culture. There are real concerns about falling standards of reporting at a time when newspapers are adopting other forms of publishing (Internet, mobile, apps), accelerating production cycles, and asking journalists to do more.

Yet, it is important to note, we do not believe the Internet inevitably drives down news standards. Nor do we believe in a 'golden age' of journalism that has been lost. On the contrary, this study has focused on types of print and online journalism that make an important contribution to Australian democracy while remaining mindful of the blind spots and limitations of professionally-produced news (for example, 'hidden' stories, neglected constituencies, source dependencies, ethical lapses etc). It included an analysis of prize-winning Australian journalism in the period 1988-2011, identifying and assessing the

criteria used by the Walkley Foundation and senior industry figures to judge their peers and benchmark quality across all news categories and platforms. Our study surveyed journalism practices in Australia's twelve national and metropolitan daily newspaper newsrooms: The Australian, Australian Financial Review, Hobart Mercury, Age, Herald-Sun, Canberra Times, Daily Telegraph, Sydney Morning Herald, Courier-Mail, NT News, Advertiser, and West Australian. This involved 100 in-depth structured face-to-face interviews with senior journalists from News Limited, Fairfax Media and West Australian Newspapers, in all eight state and territory capital cities. Four out of ten of these journalists worked at the level of editors-in-chief, editors, deputy and assistant editors.

The research explored whether the newspapers' transition to multiplatform publishing had resulted in gains or losses for professional journalism, that is, either optimism about the future, newsroom redevelopment, redefinition of editorial roles, and staff training, or economic insecurity, newsroom downsizing, work intensification, and additional unremunerated duties.

Analysis of these themes was supported by an investigation of local and international research in the following areas:

- the impact of the Internet on the traditional newspaper business model and emerging revenue options (for example, online advertising, user-pays news, sales of other products)
- the future of journalism in a digitalised multiplatform media environment
- quality journalism and news standards including debates about education/training and initiatives aimed at fostering professionalism (for example, awards, training centres, research institutes)
- press criticism including debates about self-regulation, ethics, accountability and transparency.

This research is still underway. It is significant for bringing Australian journalism practitioners and academics together for the first time to systematically define 'quality journalism' in contemporary Australian newspapers, benchmark professional journalism standards at a time of rapid industry change, and understand how these are evolving in the digital news environment. The Walkley Foundation, in conjunction with the Media Entertainment and Arts Alliance (MEAA), promotes excellence in Australian journalism through the Walkley Awards and initiatives such as the Future of Journalism project. This study contributes to the Foundation's leadership of the Australian debate on the future of newspapers, and the development of relevant professional development and training programs as newspapers move to multiplatform publishing.

## **2. Quality journalism, digital media and the changing business of news**

As the Issues Paper makes clear, there are more questions than answers when it comes to thinking about the future of quality journalism in the current context of technological change and economic uncertainty. As one observer notes, 'Just yesterday, legacy news media competed in stable, geographically defined markets, with their limited competition in plain view. Entry barriers to media

industries were high, and news media controlled the production and dissemination of news, their main product. No more' (Lowrey and Gade 2011, p. 274).

News media must now find ways to adapt to increasingly complex and dynamic digital environments characterised, amongst other factors, by individualizing patterns of media consumption, changing markets for news products, ongoing high profit expectations of media firms, and difficulties in sustaining resource-intensive public interest journalism when newsrooms are smaller and staff overworked (Lowrey and Gade 2011, Cole and Harcup 2010, MEAA 2010).

Our research indicates that discussion of 'quality journalism' — as distinct from traditional references to 'the quality press' [broadsheets] (Mayer 1968) — is new and directly linked to the major Australian newspaper companies moving into other forms of publishing (Internet, mobile, apps). The term was not in common usage in Australian journalism twenty, or even ten, years ago and there is considerably more media studies research on tabloidization or 'the dumbing down' of news (see, for example, Rowe 2011, Harrington 2008, Turner 2005) than on journalism standards or the concept of quality (O'Donnell, 2009)

By contrast, media management literature has long been concerned with 'the profit controversy', that is, the relationship between investments in editorial, retention of readers and newspaper profitability (Lacy and Fico 1991, Meyer 2004). This interest in 'monetising content', to use the current jargon, has intensified sharply as newspapers have sought to increase their online revenues (Picard 2004), giving rise to talk of the market for 'quality journalism'. In purely commercial terms, then, the focus on quality can be seen as a byproduct of efforts to leverage the reputation of newspapers' print products into consumer and advertiser support for their websites.

Newspaper journalists, for their part, have taken up the issue of 'quality journalism' in relation to two key challenges facing their profession: first, job cuts, increased workloads, and re-jigged routines and, second, the exponential growth in competition from non-professional news providers (aggregators, bloggers, social media). In both cases, journalists have been forced to publicly defend their expertise and authority — either by raising awkward questions about how the quality of news reporting is maintained when they are asked to produce multiple story versions for multiple platforms aimed at multiple audiences (often without training) (MEAA 2010, 2008) or, alternatively, by disputing the idea that 'everyone's a journalist' and re-stating the social importance of credible, quality reporting as well as the newsgathering, verification, writing and editing skills and conventions that underpin it (see, for example, *Crikey's* [quality journalism project](#)). For the profession, then, the issue of quality can be seen as the focus of efforts to redefine journalism work (from information dissemination to original content production), and to reposition and raise the profile of journalists' contribution to the digital media economy.

Historically, the business strategies of newspapers, occupational changes in journalism, and issues of news quality have been matters for financial, labour and consumer markets, rather than public inquiry. Key industry stakeholders argue there is no reason to alter the *status quo*. The *Sydney Morning Herald*, for example, is concerned that the federal government wants 'to regulate all media',

in defiance of press freedom traditions that date back three and a half centuries (see Editorial, 14 September 2011). Yet, as a recent international report indicates, governments in many OECD countries are addressing the current difficulties facing traditional newspaper organisations by discussing press policies and frameworks, Internet challenges, and state support mechanisms (see OECD 2010, pp. 107-145). We see the Media Inquiry as a timely and important opportunity to extend and enrich the Australian discussion of these topics. Given its tightly drawn terms of reference, it is far from being any kind of attack on press freedom.

Our submission outlines the crisis in the newspaper business model, its impact on investment in quality journalism and news production, evidence for the continuing importance of newspapers to democratic nations, and support options. It concludes with four recommendations.

## **2.1 The crisis in the business model**

It has been widely recognised for many years that the advertising-based revenue model for Australian newspapers would be threatened by the spread of digital technology. As early as 1996, media analyst Peter Morris foresaw the siphoning of classified advertising revenue to Internet-based classified services and predicted online media would undermine Australia's long-standing and highly successful newspaper business model. He found classified advertising had been a primary source of newspaper revenue for 100 years, contributing up to 50 per cent of income (Morris 1996, p. 15). Today that income is shrinking and the major newspaper companies are engaged in a rapid search for new ways to raise revenue.

The crisis is particularly acute in the United States and Europe and while Australian newspapers are not in the same dire circumstances as US newspapers neither are they insulated from global trends. Political scientist Sally Young (2010) suggests that the decline of the Australian newspaper industry has preceded that of the US and Britain with the closure of afternoon newspapers, for example, happening well before similar closures in those countries. The industry has also been sustained by concentrated ownership and government patronage (2010, p. 622). Research by one newspaper industry body appears to confirm this, concluding that the Australian newspaper market has a structural advantage with 'clear geographic markets served by fewer dominant newspaper titles' and with readership 'concentrated amongst a small number of newspapers' (Newspaper Works, 2011).

In global terms the most substantial recent study of newspapers was prepared by the Working Party on the Information Economy of the Organisation for Economic Co-operation and Development (OECD 2010). It presents a picture of dramatic decline in the newspaper industry in Europe and the United States, less dramatic decline in some other industrialized countries and a flourishing of newspapers in countries like India and China.

The report points out that in sheer economic value, judged by revenue, the global newspaper publishing market (\$164b) is bigger than each of the global markets of recorded music (\$27b), films (\$85b) and consumer/educational book publishing

(\$112b). The growth of this global newspaper market slowed progressively from 2004 (3.6 per cent growth) down to zero growth in 2007 with negative growth in 2008 (-5 per cent) (OECD 2010, p. 17). But like many calculations of averages, these figures conceal more than they reveal. The decline in the US newspaper market between 2007 and 2009 was 30 per cent and in the British newspaper market 21 percent. (By contrast, the same decline in Australia was 3 per cent, one of the smallest in the world (OECD 2010, pp. 17-18).

While these figures cover the period of the global economic crisis, the report points out that the economic crisis intensified structural problems that have existed for many years. These include declining circulation and advertising revenue, competition from traditional media such as TV and radio as well as new media such as the Internet. Changes in advertising revenue are due to structural changes caused by digital technology and are likely to have the most significant results. US newspaper-advertising revenues have fallen by a massive 23 per cent over 2008 and 2009 (OECD 2010, p.31). In Britain the projected fall in print advertising revenue for 2009 is 26 per cent, the steepest in Europe (p.32). The report offers no suggestion that these trends are likely to stop. Overall, there is a 'downward spiral of many forms of printed news' and for these reasons the 'economic foundations of journalism have to be rethought'. More significantly, for the purposes of this submission, the report continues that 'it is less obvious what online business models, partnerships and organisations will best support cost-intensive, public service-oriented news in the future' (OECD 2010, p.12).

The report canvasses the range of existing supports in OECD countries (tax concessions, postal subsidies, subsidies for news agencies) and looks at other mooted forms of support, such as a French proposal to allow foundations with charity status to support newspapers, and an American proposal to allow newspapers to become non-profit organizations with corresponding tax breaks. (OECD 2010, pp. 107-118)

Our own research confirms that senior journalists in Australia are deeply concerned by this crisis. When asked how important a new business model was to ensure the future of newspaper journalism a total of 87 per cent responded that it was 'important' or 'very important'. Whether the industry could actually develop a new business model was by no means clear. Some of those who responded to this question went on to offer an opinion on the likelihood of finding a new business model. On this they were evenly divided. Nine per cent were confident that it would be developed while an equal number, nine per cent, were doubtful or thought it might not succeed. At least one editor told us on the record that he was confident a new business model would be found, while later admitting that he held personal doubts that it would be.

Overall, editors tended to believe, in the words of one, that finding new sources of revenue was 'a life and death issue'. Another commented that 'the model is broken'. Most were acutely aware of circulation drops. One editor said: 'I think we have passed the point of no return [in newspapers]. We're going down rapidly on certain days [of the week]. It's absolutely vital to find new revenue streams.' Others disagreed. 'If we think the game is up, we'll talk ourselves in to an early grave', said one. 'There's a panic and a risk of throwing out good newspaper models before we need to', said another.

## 2.2 The continuing importance of newspapers

Why focus on newspapers? It may seem strange to direct particular attention to newspapers in a Media Inquiry interested in media convergence, and at a time when the decline or even death of newspapers has been widely foretold. However, there are at least three particular reasons for doing so.

First, we agree with those who see newspapers as offering a unique and useful vantage point from which to analyse technological change in the news media. In a 2010 study, UK journalism scholars Peter Cole and Tony Harcup found that British newspapers are 'driving convergence' more than any other media sector, because they are 'adopting other forms of publishing — web, audio video' (p. 8).

In Australia, our study of senior newspaper journalists and editors confirms the convergence trend and reveals life-long print journalists moving into multi-media news routines: two thirds of those interviewed spent at least part of their day doing online work. A recent union survey of journalists' work practices provides more evidence: some 74 per cent of respondents said their workload had increased in the period 2008 to 2010 in the context of efforts by their news organisations to expand online coverage using slideshows, video, blogs, Twitter and other social media (MEAA 2010, p. 19). Our own survey showed that when asked to describe the main challenges in managing a newsroom the most important single challenge identified by editors (61 per cent) concerned tighter resources, fewer staff and work intensification.

The second reason to focus on newspapers goes to the heart of the current 'quality journalism' debate. New research from the US and UK indicates that newspaper journalism is a more vital component of the democratic infrastructure of contemporary societies than previously recognised (Digital Britain 2009, FCC 2011).

While it has been generally acknowledged that the production of news and current affairs is socially significant because it informs citizens and hence plays a role in the functioning of a democracy, few attempts have been made to isolate newspapers' role and significance in this process. Past scholarly research on news and politics has understandably assumed the continuing existence of newspapers in the overall mix of print and electronic media. However, there is now mounting evidence that newspaper closures — particularly at the regional, state and local levels — create gaps in news and information supply that are not filled by either commercial broadcast news media or online providers (aggregators, bloggers and social media). As the Digital Britain Report notes, professional journalism is hard hit by the crisis in the economic foundations of newspapers and society risks losing 'the talent of seasoned editors and journalists' (2009, p. 149).

Moreover, hopes that the Internet would spawn replacements for newspaper-originated news have not come to fruition. A large proportion of the news which circulates on the Internet originates from the failing model of newspaper

journalism. This was underlined in a study by the Pew Research Centre's Project for Excellence in Journalism that examined the 'news ecosystem' of a major American city (Pew Research Centre, 2010). The one-week study of Baltimore monitored reports from print, local TV, niche media, radio and new media. It found that 83 percent of the stories were essentially repetitive, containing no new information, even though the city has a large number of news outlets. Of the 17 per cent that contained new information, nearly all came from the traditional media. Of these, 61 per cent were generated either by the local newspaper or two print publications on business and law. According to the study, original reporting was largely the province of old media, while new media — such as blogs, Twitter and local websites — was 'mainly an alert system and a way to disseminate stories from other places' (Pew Research Centre, 2010).

It is often forgotten that profit-seeking newspapers are the main everyday protagonists of the civic function of journalism. National and metro daily newspapers routinely try to cover most of what's happening in society, employing large numbers of journalists and assigning them to institution-based or thematic rounds. More specialist journalists are employed in this type of newspaper journalism than in broadcast or online news; they are a major source of carefully researched, investigative reports into corruption, maladministration and other abuses of power. They generate a large amount of original and wide-ranging news content that is used by other offline, online and even social media. Radio, television and online news inhabit a news ecology one of whose key foundations is newspaper journalism. Various studies have identified the press as the decisive agenda-setter for the electronic media (Pew Research Center 2010, Golan 2006, McCombs 2004).

Traditionally, newspaper journalism has been treated as authoritative because it cites sources, as influential because it is sorted and selected to attract market/public attention, and as credible because it is verified prior to publication. Newspapers are an important form of public record, and considerable public resources are dedicated to press archives in public libraries and universities.

Newspaper journalism is more available therefore to systematic scrutiny and analysis than broadcast or online news and more often generates major controversies about source selection, agenda setting, and abuse of the public trust. In Australia, debates about excessive media power and the lack of journalistic accountability focus on newspapers. As one observer notes, 'there is no correlation between the popularity of newspapers and the extent to which they are criticised and abused. It is the ultimate love-hate relationship' (Cole and Harcup 2010, p. 4).

There is a third reason for highlighting the continuing importance of newspapers, even as they move into multi-platform publishing: their independent status underpins their endurance as much as the business model. As the OECD notes, 'newspapers play a vital role in upholding transparency, democracy and freedom of expression, mainly because of their editorial independence from governmental or other bodies' (2010, p. 119).

It is important to remember the significant news stories that might have gone unreported if cost pressures further reduced independent scrutiny: three

examples that come to mind are the 2005 AWB oil-for-wheat scandal, the AFP's wrongful arrest of Dr Haneef in 2007, or the 2010 Reserve Bank-Security bribery scandal.

Australia stands alone among comparable liberal democracies in offering no legal protection for free speech. Our press freedom tradition is relatively weak and consists of a commitment to no prior restraint, press self-regulation, and open access to journalism. Indeed, in 2007, the major media organisations felt compelled to form a 'Right to Know' media coalition (RTK), claiming excessive government secrecy and the punitive targeting of whistleblowers was impeding their work (see [www.australiasrighttoknow.com.au/](http://www.australiasrighttoknow.com.au/)). Helen Ester's (2007) study of the Canberra Press Gallery independently confirms the RTK coalition's claims of a 'major intensification' in 'excessive controls' over political communication.

### **2.3 The impact on investment in quality journalism**

There is evidence from different sources that suggests that the crisis in the newspaper business model is affecting investment in quality journalism.

What do we mean by 'quality journalism'? We support the view, held by many professional journalists, that 'quality journalism' refers to independent reporting on government, corporations and international affairs (Coll 2009). It is platform-neutral but requires knowledge and experience in scrutinizing legislative politics and corporate affairs, analysing complex public records, dealing with whistleblowers, providing independent witness reports of events, and writing to high standards of accuracy and detail. By no means does all newspaper content qualify as quality reporting. Most content is general reporting on all manner of topics, and done to variable standards, including a questionable reliance on public relations' sources (see Davis 2008).

It is also important to acknowledge that quality journalism provides a 'public benefit' that by its very nature is hard to quantify and will never generate commensurate financial returns. Media law expert C. Edwin Baker (2007) argues that investigative journalism may well deter 'government or corporate corruption due to fear of exposure' but it is always difficult for newspapers to translate that social benefit — shared by newspaper readers and non-readers alike — into 'bottom-line revenue' that would offset the high costs involved (Baker 2007, p. 29). The OECD (2010) notes that 'there is a general scepticism among editors-in-chief about the sustainability of investigative reporting'. It also suggests that one possible downside of the newspaper crisis might be that high quality news 'might be restricted to a small number of persons that can afford to pay for it' (OECD 2010, p. 61).

Australian research and industry developments reveal evidence of problems arising from declining investment in quality journalism. Young's (2010) analysis of the impact of the crisis on three major national and regional newspaper groups (News Limited, Fairfax Media, APN), found they had all adopted business strategies, such as developing a strong online presence, that will help them survive but may well jeopardise their journalism. Young argued that print media concentration has fostered a degree of complacency and focus on short-term economic goals in the newspaper companies, resulting in staff cuts,

commercialisation of content, and a lack of online experimentation, innovation and training (2010, p. 619).

Recent developments at major metropolitan newsrooms in Sydney, Melbourne, Hobart and Adelaide provide more detailed insight in this trend. In June this year, Fairfax Media retrenched 84 senior production staff and outsourced sub-editing of the *Sydney Morning Herald* and the *Age* to AAP's PageMasters. CEO Greg Hywood talked up the restructure by arguing 'production efficiencies' would free up money to be spent on quality writing and reporting, including a \$3 million package for ten new high-profile journalist jobs, 12 new traineeships, and \$300,000's worth of multi-media training. In response to the widespread staff and industry criticism that ensued, including one claim the decision was 'potentially suicidal', Hywood said, simply, that 'it's all about the future' (*Crikey*, 16 May 2011). In August, in another effort to appease critics, he appointed Judy Prisk as Australia's first 'readers' editor', monitoring and responding to complaints about news standards.

Over the past two years, News Limited has introduced centralised sub-editing hubs, content pooling across titles, and integrated print and digital news teams (MEAA 2010, p. 20). Resulting job losses have not made headlines, except when industrial action at the Hobart *Mercury* reversed a controversial management decision to export subediting jobs to Melbourne (*Crikey*, 3 May 2011), a decision that has since been overturned (*ABC News*, 11 Nov 2011).

A major experiment in newsroom restructuring at the *Advertiser*, in the one-metro daily city of Adelaide, has also largely escaped the national media spotlight. Yet, editor Mel Mansell won CEO John Hartigan's prize at the 2010 News Awards for creating 'a new order of things'. Decades-old work practices have been completely overturned: the roles of chief-of-staff and section editors are gone, the conference desk has moved to the centre of the newsroom, and new thematic editorial teams deliver content across the day to four platforms (newspaper, website, iPad and email newsletter). While journalists are said to 'have much more responsibility for how their story progresses throughout its lifecycle on each different platform' (*MediaPlanet*, 25 February 2011), the restructure inevitably means added duties and a faster pace of work.

There is empirical evidence of a further threat to news quality and diversity in the form of duplication and reversioning of news stories across co-owned news titles and platforms. Media policy scholars Tim Dwyer and Fiona Martin's (2011) recent study of online news-sharing found high levels and increasing internal reuse of news, particularly on Fairfax Media sites.

Looking overseas, useful insights emerge from the work of academics, journalists and regulators concerned about the future of political reporting, the news genre traditionally seen as central to journalism's democratic contribution. The UK media scholar Jay Blumler argues the newspapers' recent problems of financial viability only exacerbate the 'crisis of civic adequacy' that has been building for some time. Pragmatism now prevails in journalism, he says, and, in a trend that impoverishes citizenship and democracy, politics 'must fight for its place in news media outlets' (2010, p. 439) where once it occupied a more central role.

Sally Young's (2011) study of election reporting and the Australian media confirms this claim of a dual crisis: it found the space provided for political reporting in traditional mainstream media had halved between 1980 and 2007 due to the changing economics of news. 'As [the business] model broke down', Young says, 'there was more emphasis placed on commercial criteria in the selection and presentation of news' (2011, p. 260).

A 2009 report commission by the Columbia Journalism School also highlights the consequences for political reporting of unprecedented job losses in the newsrooms of daily papers. Leonard Downie Jr. and Michael Schudson (2009) estimate that a staggering one third of the nation's 60,000 newspaper journalists were 'laid off or bought out' between 2003 and 2009, including the loss of 169 out of the 524 full-time reporters assigned to state capitols. 'The press is missing', says Schudson (2010), and this has opened up 'a gap in democratic capacity' that needs to be filled.

US media critics John Nichols and Robert W. McChesney (2009) take up the concern about fewer political reporters covering local and state politics, federal departments and agencies, and foreign policy. They argue that 'journalism is collapsing' because many newspaper corporations no longer see news gathering and reporting as profit-making activities and are therefore closing down mastheads, cutting costs and sacking journalists. Nichols and McChesney cite failed coverage of the 2008 housing bubble collapse and the 2003 Iraq invasion as two ominous examples of a trend that is threatening 'self-government and the rule of law'.

In 2010, a US Federal Communications Commission (FCC) investigation into the information needs of communities found two 'serious problems' the Internet has not been able to resolve. They are first, a shortage of 'local professional accountability reporting' and, second, the difficulties faced by online news ventures in creating viable business models. 'Accountability reporting' refers to journalism that holds to account those with power and influence in government, business, education or cultural institutions (Downie and Schudson 2009). The FCC identifies newspapers as the main provider of accountability reporting in the US media ecosystem and found newspaper closures have affected the whole information food chain as well as readers (2011, p. 242).

Further, while celebrating the Internet's capacity to fundamentally improve news and information services — including more diversity, choice, citizen access, in-depth and niche services — the FCC found online local news start-ups had a disappointing financial track record and did not make enough profit to significantly invest in quality journalism (2011, pp. 123-124). Interestingly, the FCC cites five prominent US new media evangelists who now acknowledge commercial Internet players will not be able to fill all the gaps left by the collapse of the newspaper business model and the demise of traditional media (Jeff Jarvis, Clay Shirky, Hal Varian, Esther Dyson and John Hood) (pp. 271-272).

The FCC found little evidence that commercial media markets will evolve quickly enough to fill the gaps in accountability journalism, including pay wall experiments. It pointed to a worrying 'power shift' towards the interests of the powerful' that is now underway, and the likelihood of more corruption, more

wasteful government spending, and poorer information for citizens (FCC 2011, p. 244).

There is, in sum, mounting evidence from multiple sources across different national media systems that declining investment in quality journalism is compromising the supply of political reporting in ways that undermine democracy. As one observer notes, “Citizens need news even if they’re not willing to pay for it, and news gathering is expensive” (Nordenson 2007).

## **2.4 State support mechanisms: Debating the way forward**

Can government support newspapers in finding a way out of the current crisis? Should taxpayers’ money be spent to do so? What policy interventions would work?

These are, undoubtedly, the key questions of the moment. Yet, as press historian Peter Putnis reminds us, governments and political parties are prime users of the media and potential beneficiaries of media reporting, an interdependence that, in the past, has made media policy making a ‘fraught and contentious process’ (2001, p. 105). ‘Intensely party political’ is the descriptor given by a leading industry stakeholder to the first national print media inquiry, conducted by the House of Representatives in 1992; he went on to wonder aloud at the ‘shallowness’ of its key findings and the unlikely prospects of its recommendations on media concentration (Chadwick 1992). Putnis (2001) found the 2000 Senate inquiry into media accountability was also mired in party politics with its key recommendation for a single, statutory Media Complaints Commission covering print and electronic media falling victim to both press outrage and government inaction.

More recently, party politics have stymied unprecedented efforts to use state support mechanisms to offset deepening gaps in regional and local news in the UK and US. Three pilot news projects — initiated in March 2010 by the Labour government to extend public service news by supporting Independently Funded News Consortia (IFNC) (Digital Britain 2009) — were scrapped soon after the Conservatives won office in May 2010. In the US, the ‘Newspaper Revitalization Act’ of 2009 — introduced by Democrat Senator Benjamin L. Cardin to assist community and metropolitan newspapers by allowing them non-profit status and associated tax breaks — still languishes in committee stage (OECD 2010), in part because of Republican hostility to ‘bailouts’.

Media policy scholar Des Freedman (2010) adds a more critical perspective on the question of state support mechanisms. He turns the spotlight on the media policy silences left by two decades of neoliberal, deregulatory trends. Policy silence does not mean inaction. On the contrary, Freedman is concerned about the new ‘industrial activism’ of Western governments (Digital Britain 2009). He argues that, in the name of the ‘public interest’, taxpayers’ money is being used to solve ‘market failures’ in media and communications but in ways that ‘quietly’ and consistently favour state assistance to market forces:

From decisions on what constitutes an acceptable level of ownership concentration to their determination to secure analogue switch-off, and from their unyielding support for

domestic rights holders to increase market opportunities in export ventures, to their commitment to leverage existing copyright protections onto emerging distribution platforms, the British and American states have played a decisive role on behalf of key sections of their media industries (Freedman 2010, p. 355).

Freedman cites publicly funded digital communications infrastructure projects as another questionable example. It is relevant to the debate about state support mechanisms because of the uncertain impact of Australia's National Broadband Network — another highly controversial partisan policy initiative — on newspapers and journalism. The FFC (2011), for example, found evidence that newspaper profitability would be further undermined by increased broadband penetration, despite the other 'tremendous benefits' it offered (2011, p. 269).

In our view, any measures that are adopted to support independent media and quality journalism need to be mindful of the difficulties of achieving bipartisan support for, let alone public endorsement of, media reform. We agree with Paul Chadwick about the ongoing relevance of the two guiding principles for reform articulated by Sir John Norris in his 1981 report on Victoria newspaper ownership (1992, p. 2). They are: first, that new measures should not threaten press freedom, and, second, that licensing of the press or journalists should be avoided.

We believe the most important challenges of the moment are:

- to guarantee the independence and freedom of the press and free speech,
- to secure the future of Australia's workforce of professional journalists and support their retraining for multiplatform news production,
- to extend the role of public sector journalism,
- to address the growing gap in news content,
- to foster newspaper readership, news literacy and consumer demand for quality journalism.

### **3. Recommendations**

Based on research both here and overseas, including our own research into the public interest involved in sustaining a healthy, quality journalism, we make the following recommendations:

#### ***Fostering professional journalism***

We recommend seed-funding for the establishment of an Institute for Professional Journalism. This initiative should be developed in consultation with the Walkley Foundation as the leading representative industry professionals. The Institute would be a non-profit body, administered by representatives from journalists, the industry, the Walkley Foundation and the universities, and with the mission of fostering quality in journalism. Activities could include specialised training of journalists (including teaching or research fellowships for journalists), sponsoring of public debate on journalism, and commissioning of research projects related to fostering quality journalism. Such a body would not be a regulator nor would it have punitive powers. It could be funded either by arms-length partial government funding or by registering the body as a charity.

In Britain, the Media Standards Trust (see [www.mediastandardstrust.org](http://www.mediastandardstrust.org)) has been established along these lines. It describes itself as a 'think and do tank' and is funded entirely by donations from philanthropic trusts and individuals. It does

not receive funding from corporations or government. There are a number of other models (see Attachment 1).

### ***Extending public sector journalism***

We recommend significantly increasing the capacity of the existing public sector media (ABC and SBS) to cover news and current affairs. We endorse the MEAA's proposals for additional funding to ABC-TV's News 24, and to SBS for news services in languages other than English. This is a readily available option for government that has the advantage of enhancing the work of news media that are widely recognized and respected as independent producers of serious journalism. It also has the advantage of building on an institutional context that already includes a strong commitment to high editorial standards and a robust complaints process.

### ***Addressing the gap in news content***

We recommend seed funding for the establishment, in the mid-to long term, of an independent news wire service to address gaps in political news content arising from the crisis in newspapers. The proposed service would have a special brief to report local government, state and federal parliaments. One option would be to initiate it as part of a joint venture with an existing news agency, such as Australian Associated Press, to provide wholesale news to commercial subscribers (online, TV, radio). Alternatively, it could be set up as a non-profit organisation. In both cases, an independent and bi-partisan board, as well as an act of parliament stipulating its independence, would be necessary.

### ***Fostering newspaper readership, news literacy and consumer demand for quality journalism***

We recommend the creation of an Innovation Fund to provide competitive grants for projects that foster newspaper readership, news literacy, and consumer demand for quality journalism, particularly amongst young Australians (15-24 years of age). *NewsTrust* is an example of a new and experimental US non-profit start-up that promotes quality journalism and news literacy. It invites news consumers to systematically review and evaluate major news stories (see [www.newstrust.net](http://www.newstrust.net)). Projects of this kind could be developed with support of an Innovation Fund, administered by the proposed Foundation for Professional Journalism, the existing Australian Press Council, or the new unified Media Council outlined by the MEAA in its submission to this inquiry.

## **4. Conclusion**

We have made the case for finding new ways to meet the public need for timely information about significant public issues. In our view, the issue is not about saving the ink-and-paper newspaper. Instead, it is about acknowledging the current role of newspapers as employers of the main workforce of professional news gatherers. For more than one hundred years, mass circulation newspapers have combined two quite distinct functions, one public, and one private. The public or civic function is reporting news, and the private function is operating as a business. Today the civic function of newspapers is in danger because of the growing failure of the business model. We conclude that a vital public interest is served by developing creative and innovative new ways of supporting

professional journalism in the context of fundamental changes to the business of news.

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## **Attachment 1: Fostering professionalism**

### **Australia**

#### **The Walkley Foundation**

[www.walkleys.com/](http://www.walkleys.com/)

The Walkley Foundation, set up in 1995 by the MEAA, is a non-profit body that aims to support and encourage professional and ethical journalism and reward excellence in the Australian media. The Walkley Foundation administers the Walkley Awards, hosts a year-round professional development program for journalists and media professionals, and publishes *The Walkley Magazine – Inside the Media*.

#### **Public Interest Journalism Foundation**

[www.pijf.com.au/](http://www.pijf.com.au/)

The Public Interest Journalism Foundation (PIJ) is part of the Institute for Social Research at Swinburne University of Technology. It was set up in 2009 to develop new approaches to journalism that “maximize and explore the applications of emerging media technologies”. It has three main initiatives, the *YouCommNews* journalism start-up, the annual New News conference and expo, and an Investigative and Public Interest Journalism Resource Centre.

#### **Australian Centre for Independent Journalism**

[www.acij.uts.edu.au/](http://www.acij.uts.edu.au/)

The Australian Centre for Independent Journalism (ACIJ) is a non-profit organisation based at the Broadway campus of the University of Technology, Sydney. It was set up in 1992 to support investigative journalism by publishing original investigative reporting, providing resources, reference services, and continuing education for practising journalists as well as journalism research and a forum for debating matters of concern to journalists.

### **UK**

#### **BBC College of Journalism**

[www.bbc.co.uk/journalism/](http://www.bbc.co.uk/journalism/)

The BBC College of Journalism was set up in 2005, after the Hutton Inquiry, to offer journalists training in core journalism skills and the risks - and opportunities - of working with confidential sources.

#### **Reuters Institute for the Study of Journalism**

[reutersinstitute.politics.ox.ac.uk/](http://reutersinstitute.politics.ox.ac.uk/)

The Reuters Institute for the Study of Journalism was set up in 2006 and runs a prestigious fellowship program for visiting journalists. It is part of the Department of Politics and International Relations at the University of Oxford but core funding comes from the Thomson Reuters Foundation.

#### **Media Standards Trust**

[www.mediastandardstrust.org](http://www.mediastandardstrust.org)

The Trust was set up in 2006 and describes itself as a 'think and do tank' that undertakes research on important media issues as well as running projects to promote quality, transparency and accountability in news (such as building websites, running prizes and organising events). It is funded entirely by donations from philanthropic trusts and individuals. It does not take funding from corporations or government.

## US

### **Project for Excellence in Journalism**

[www.journalism.org/](http://www.journalism.org/)

The Pew Research Center's Project for Excellence in Journalism was set up in 1997 to help both the journalists and citizens develop a better understanding of what the press is delivering, how the media are changing, and what forces are shaping those changes. It takes an evidence-based approach to this mission and conducts extensive empirical research on the US press, including the influential annual State of the News Media reports..

### **The Pew Research Center for the People & the Press**

[www.people-press.org/](http://www.people-press.org/)

The Pew Research Center for the People & the Press is an independent, non-partisan public opinion research organization that studies attitudes toward politics, the press and public policy issues

### **John S. and James L. Knight Foundation**

[www.knightfoundation.org/](http://www.knightfoundation.org/)

The Knight Foundation was set up in 1950 to promote quality journalism, advance media innovation, engage communities and foster the arts. It believes that democracy thrives when people and communities are informed and engaged.

### **The Poynter Institute**

[www.poynter.org/](http://www.poynter.org/)

The Poynter Institute was set up in 1975 as a journalism training school but has subsequently become one of the world's most important providers of online journalism resources. It still offers training to those who manage, edit, produce, program, report, write, blog, photograph and design news, whether professional or amateur. It also publishes a wide range of materials to assist people to better understand how journalism is produced and how to tell whether it's credible.

### **International Center for Journalists**

[www.icfj.org/](http://www.icfj.org/)

The International Center for Journalists was set up in 1984 as a non-profit, professional organization to promote quality journalism worldwide. Its two flagship programs are the Knight International Journalism Fellowships which pairs global media professionals with partner media organizations in developing countries; and the International Journalists' Network (IJNet), an online service that provides information on a wide range of training opportunities to a global network of journalists and media development organizations.