This is the published version:

Hirst, Martin 2011, Media inquiry misses the point, as the news crisis worsens, *The conversation*, pp. 1-5.

Available from Deakin Research Online:

http://hdl.handle.net/10536/DRO/DU:30041287

Reproduced with the kind permission of the copyright owner.

Copyright : 2011, The Conversation Media Trust
Media Inquiry misses the point, as the news crisis worsens

It seems that despite their sometimes bitter commercial rivalry, the Fairfax and News Limited empires agree on one thing: the Finkelstein Media Inquiry has been a giant waste of time and money. Both have produced more than one editorial slamming it as unnecessary and asking what its purpose is. Outgoing…

Author

1. **Martin Hirst**  
   Associate Professor at Deakin University

Ray Finkelstein and Matthew Ricketson look like they’re leaning towards recommending a single regulatory body for all media platforms. AAP/Dean Lewins

It seems that despite their sometimes bitter commercial rivalry, the Fairfax and News Limited empires agree on one thing: the Finkelstein Media Inquiry has been a giant waste of time and money.
Both have produced more than one editorial slamming it as unnecessary and asking what its purpose is.

Outgoing News Limited Chief Executive John Hartigan and current Fairfax Chief Greg Hywood sang the same jingle during their appearances at the inquiry this week.

What will the inquiry recommend?

There is likely to be change to the way the Australian Press Council operates. At the moment it’s quasi-independent, but because it’s entirely funded by the two major newspaper companies and some smaller publishers, this claim of independence must be questioned.

It is likely that some form of “super” APC will emerge taking some over-arching role in complaints handling, with additional funding from government coffers; perhaps in spite of mild resistance from the key media companies. At the end of the day they may well agree to wear such an outcome knowing it won’t really change much in their day-to-day operations.

What we could end up with is something that looks like, smells like and barks like the British Press Complaints Commission. This isn’t an ideal outcome and the PCC has not covered itself in glory recently. It doesn’t receive any government funding, but the size of the British market perhaps suggests it doesn’t need to. What is clear from the APC’s own submissions to the inquiry and Finkelstein’s generally positive commentary, is that some subsidy from the public purse could be offered.

This point has generated the most heat in the discussion so far. John Hartigan dismissed it outright, even conceding that News Limited and the other council members might have to up their own contributions to keep government “interference” at bay. The argument is that a government subsidy would mean government meddling, because it would require some statutory backing from parliament.

Legislative authority

Giving the APC some legislated authority would create something of a hybrid: a cross between the self-regulatory functions of the Press Council (or Complaints Commission) and the statutory regulation of broadcasters provided by the Australian Communications and Media Authority (ACMA). Such a body would be a break with tradition; most Western liberal democracies have historically kept self-regulation of the print media at arms length from government while heavily regulating broadcasters using the argument of “spectrum scarcity”.

This argument – scarce bandwidth requires tough controls – is now out-of-date and has been for sometime. What it should mean is that heavy regulation of broadcast media should be lifted, not that an attempt should be made to drag the print and online media into the fold.

The media inquiry was tasked with examining the issue of compliance, codes of practice and regulation in the context of digital convergence. In the logic displayed so far by Ray Finkelstein it makes sense to combine complaints handling in one body that is platform neutral.
The question raised again and again though, is: How do you get independents, bloggers and so-called citizen-journalists to register and be included in such a regulatory system?

No doubt these are questions that will be “hhmmmmmed and hhhaaaed” over in the next few months. The Inquiry’s report and recommendations are due to be put to the convergence review in February next year. But this focus on regulation and complaint management misses the point somewhat.

**Lack of diversity**

Press Complaints Commission didn't stop the crisis at the News of the World. EPA/FacundoArrizabalaga

The existence of the PCC did not prevent the UK’s biggest media scandal in a generation, the now notorious News of the World serial phone-hacking debacle. Streamlining the complaints procedures will not improve the quality of news or journalism.

Two issues of quality and diversity were mentioned at the inquiry, but have been effectively sidelined in the coverage.

The first is the issue of market failure and Australia’s impenetrable duopoly in print news media. While the exact figures are disputed, depending on the measure you use, it is clear that News Limited has a dominant position in metropolitan print markets, closely followed by Fairfax. The situation is not much different in radio, television or magazines.

In this environment how do we ensure a diverse range of media and opinion is available? It is difficult for new players to enter either print or broadcast markets because the cost of plant,
equipment and human resources to match the two dominant entities is well into the hundreds of millions.

Where public interest players are in the market – in community radio and television – the terms of their licenses are so restrictive that they exist tenuously without adequate funding or commercial income streams.

**Failure of the market**

The smug response from the big two is that anyone is free to launch an online competitor and that the “invisible hand” of the marketplace will decide the outcome. What this free market myth fails to take into account is that the market is a) not a level playing field because of high entry costs and the advantage of size and first mover, and b) the market itself has failed; it does not deliver the promised outcomes and, in fact, the failure of the market has contributed to the current crisis in both news business models and in a lack of public trust.

At the heart of this market failure is a contradiction so intense that it is almost insurmountable and unresolvable in the market’s own terms.

The market dictates that competition produces profits for some and losses for others. It elevates the interests of property and shareholders above the value of public interest.

In this context, the profit-taking behaviour of shareholders, acting in their self-interest in the marketplace, does not guarantee an effective outcome in the public interest.

This, I feel, also undercuts the argument from News Limited and Fairfax that the media inquiry is an attack on the news media’s right to free speech. In the marketplace of ideas, speech is not free. It takes on a commercial and commodified form and the right to freedom of the press claimed by editorialists and CEOs, is effectively a property right. As such, it is not available to everyone.

Unfortunately, apart from my own modest contribution on the first morning of the inquiry in Melbourne last week, these ideas have not been canvassed. Perhaps Stuart Littlemore came closest on Thursday when he talked about the festering culture inside some newsrooms to explain how some reporters and editors appear to take perverse delight in venal attacks on certain targets.

**Addressing the crisis**

There is evidence that the current model is broken and, as senior Fairfax news executive Peter Fray said in his Sydney University lecture earlier this week, journalism has failed us. He rightly argued that journalists are guilty of group-think and are seduced by public relations.

The question that was not asked, let alone answered, amid all the bluster and talk of reform attending the Media Inquiry is: What to do about the crisis in news and journalism?

Peter Fray has offered one solid suggestion: “What I am saying is that we need to become more sophisticated and radical about the way we talk about journalism and its roles.”
I couldn’t agree more, but when sophisticated and radical ideas were raised in front of the professor and the judge last week, they were howled down by a chorus of acrid abuse from those who are charged with living up to the ideals that their bosses espouse.