

A. N. SMITH LECTURE IN JOURNALISM**University of Melbourne, October 4, 2012****Media Futures – observations through a rather frosty crystal ball****Kim Williams AM, CEO, News Limited***Check against delivery***INTRODUCTION**

Ladies and gentlemen.

I am greatly honoured to have been asked to present this year's AN Smith Lecture – which is the longest standing formal address in honour of journalism in our country. It was initiated from a bequest to this University before the Second World War from the family of Arthur Norman Smith – the founder of the AJA. The AJA and its successor have been such strong supporters of the rights of journalists and press freedom. We all owe them a debt of gratitude for their tireless work.

We're here tonight because we believe journalism matters. And one of the reasons it matters is that it's one of the last bastions of idiosyncratic public individuals who say what they think without fear or favour. Journalism has always been populated by larger than life souls: often testy, frequently witty and hopefully always readable. They make life richer and more interesting and give us cheer, hope, fury and a sense of what it is to be part of the cavalcade in society's affairs.

I have always admired the pithy wit and occasional wisdom housed in the aphorisms of the legendary journalist and commentator for the *Baltimore Sun* and *New Yorker* – H L Mencken.

He was a curmudgeon, raconteur and firebrand carrying a legendary mutual enmity with FDR over a couple of decades.

He was a piece of work and a Runyonesque character in the mould of a Ben Hecht style journalist from that wonderful movie *The Front Page*.

I am sure many here know his better aphorisms.

Three of my personal favourites which I have used on many occasions in my entertainment industry life were:

- “No one ever went broke underestimating the taste of the American people”;
- “Criticism is prejudice made plausible”;
- and my personal favourite,

“If the public don't want to come, you just can't stop them”.

Many a media boss has learned that one the hard way.

Mencken said many things about journalism including this statement “All successful newspapers are ceaselessly querulous and bellicose. They never defend anyone or anything if they can help it; if the job is forced on them, they tackle it by denouncing someone or something else.”

Now as many of you will appreciate Mencken was an odd character, rich with contradictions and filled with strange and pungent views on many, many things. But he offers one of those things all too rare in society today - original opinion and analysis with a clear eye and relentless quest for discovery and, at its best, understanding. We need more Menckens – love them or loathe them, they make us all think. Their keen intelligence and their captivating prose drives us to review issues of consequence and interrogate what we understand, believe and think.

There are too many wonderful journalists in Australia who live in the metaphorical genealogy of Mencken for me to name any one of them. It would make life too hard with all the others. But we all need more of them – people who celebrate our language, examine our leaders, interrogate opinions and celebrate life’s foibles and triumphs. They are a central reason I remain confident about the future of journalism – it is fundamental to a well lived, rich life.

But the core truth is that we need public thinkers who comment, review, criticise and satirise more than at any time in our nation’s history. My challenge is to back editors to drive great writing and pictorial and video material and then to make it work commercially. On the one hand pretty simple from my perspective; on the other, in this modern world, dauntingly complex. But there you go – as a *New Yorker* cartoon memorably said, “Life’s hard and then you die”.

Personally I wouldn't be dead for quids!

I digress about Mencken because while tonight is a discussion about the need for strong media companies and proper media regulation, ultimately it’s a discussion about journalism, and the importance of ensuring its noble aims continue to grace our democracy into the future.

It is a subject that four distinctive preceding speakers since 2008 – Greg Hywood, Mark Scott, Annabel Crabb and Michael Gawenda – have taken up in various ways. In some ways it’s *the* question of the moment, given the big media shake ups that have occurred so far this year and the Government’s consideration of changes to media policy.

And this makes Glyn Davis’ invitation to deliver this address tonight such a daunting and politically fraught challenge. Accepting Glyn’s kind invitation was perhaps one of the more courageous decisions (in the full *Yes, Minister* sense) I have made since I accepted the role as Chief Executive at News Limited in November last year!

So thank you Glyn. I’m going to respond to the challenge in the best way possible – by being straight with you, and telling you that the best way to preserve journalism in the age of the Digital Revolution is for governments to stop imitating the Luddites of the Industrial Revolution, stop over-regulating the media business environment, and stop imposing what amounts to creeping media censorship. The answer to the changing media environment is to place our faith not in the supposedly superior wisdom of the great and the good but in the democratic common sense of the Australian people as consumers and citizens. And to invest in journalism and ensure we embrace change and smart business models for the new age.

I note it is traditional for most AN Smith lecturers to give their addresses a formal title – I elected last Sunday in a feverish work day to truthfully entitle mine: Media Futures – Observations through a rather frosty crystal ball. I chose the title not to be cute or silly but rather to highlight the fact that today we stand amidst the clap and thunder of the third industrial revolution and none of us really knows how the contributing forces and gales of change will play out with any precision.

So my title is in one sense a warning. In any revolution there are those who claim to be able to read the future through their crystal balls with great clarity. And this conceit leads them to propose solutions with great certainty and precision. Usually they are wrong, with catastrophic consequences. Think of Marx and Engels. The fact is, crystal balls seldom give us crystal clear insights. Just as the messages the Greeks used to hear from the Delphic Oracle tended to follow their interests, assumptions and prejudices, so what we see in our cloudy crystal balls confirms ours.

In reality, none of us can know with any certainty how the future of the media will play out. Yes, we have to interpret and to some extent predict where the digital revolution is taking us, but we must be cautious, because the future of journalism and with it the health of our democracy is at stake.

So tonight I want to cover four points:

First, to recap briefly on some of the massive changes sweeping through our economy and media - driven by digital technologies and the innovations which flow from them. The last four presenters of this lecture have all, in different ways, illuminated this central fact of modern life.

Second, to reaffirm the central place of professionally produced and assembled journalism in any successful media company. It is what media companies do. It's what connects us with our consumers and the communities we serve. It's our central purpose and our central product.

Third, to consider how we pay for that journalism by keeping media companies strong. Economic models are evolving and we have to implement them confidently and flexibly.

And four, by arguing we must reject the answers provided by the confident crystal ball gazers whose regulatory solutions potentially endanger the economic health of media companies and more importantly the freedom of the press.

CHANGE TODAY

Turning to my first point – change.

Living through the digital revolution, we are witnessing historically unprecedented shifts in power from producers to consumers. The extraordinary change that is sweeping through media and the provision of news and information to our fellow citizens has an energy field of rare power and astonishing velocity.

It's worth recapping some of the profound changes we have seen in media over the last ten to fifteen years. Cast your mind back to those pre-historic times – in digital terms. You will remember we had five free to air channels, initially around 19 subscription television channels, dial-up internet, Facebook and Twitter had not been invented and not one of us had seen a smart phone.

Dare I remind you that the iPad is but 28 months young.

Fast forward to 2012 .

Each of the broadcasters have launched new channels so that there are now 16 free to air channels available to Australians – including a dedicated news channel provided by the ABC with analogue switch off scheduled for December 2013.

FOXTEL offers over 200 channels – including 14 independent news channels. These include the Sky News, BBC, CNBC, CNN, Fox News and Al Jeezera and everything in between.

Australians also have access to a very wide range of news websites, and of course Facebook, and Twitter through the highest penetrated smartphone market on our planet.

These changes have lead to profound changes in consumer behaviour and the way in which ordinary citizens engage with the news. As *The Economist* magazine pointed out in June 2011,

“Over the past decade (the internet has allowed) people to keep up with events in profoundly different ways. Most strikingly, ordinary people are increasingly involved in compiling, sharing, filtering, discussing and distributing the news. Twitter lets people any where report what they are seeing....The web has allowed new providers of news, from individual bloggers to sites such as the Huffington Post to rise to prominence in a very short space of time....The news agenda is no longer controlled by a few press barons and state outlets like the BBC.”

In short they are saying there has been a massive increase in ‘news diversity’. I would ask you to keep that in mind when I discuss public policy later. Call this the Chekhovian moment in my speech. He said ‘If in the first act you have hung a pistol on the wall, then in the following one it should be fired. Otherwise don't put it there’. Regulating for Diversity is my ‘hung pistol’ – for of all the tired characters on our dusty media policy stage, *Diversity Regulation* has been one of the most enduring and the one that is most in need of being exited stage left. I will return to it later.

Like those caught in the logistics and engineering intricacies of building railways in the steam revolution of the 19th Century, there is a danger we may underestimate the extent of the change being wrought. A danger that in focusing on small things - that appear to be pressingly important because of old modes of thinking - that we may miss the bigger whole.

I don't pretend to be immune from this thinking or more able to see the future than anyone else. But this change – and the enormity of it – constitutes the pervasive reality in everything I say tonight. And it should also rule out rash government decisions based on heroic readings of the future.

But let's narrow this down to what it all means for companies like the one I lead. For a media company the challenge is as follows:

How do we sustain the role of profitable professionally researched, edited and published journalism in the lives of people who have everything the world has ever known accessible from their smart phone? Particularly when they are used to getting so much of it for free?

In the face of this challenge, there are those that argue that 'the game is up'... That the age of good journalism is over... That the economic model which sustained media companies is withering..... That the only hope for journalism is a wealthy philanthropist or state funding of national broadcasters or public subsidies for kids to buy newspapers.

I have a much more positive view of it all than the naysayers who see only doom.

I guess you wouldn't expect me to say anything different. But I think the evidence is everywhere. There is much to be positive about: robust continuing and truly great journalism; sustainable business models for print and shiny new business models in digital media; and a heightened and voracious appetite from consumers for diverse news and information across their spectrum of passions and interests.

GREAT JOURNALISM ANIMATES GREAT MEDIA COMPANIES

One thing we can all agree on is that at the centre of any great media company is great journalism. And also at the core of any great democracy is great journalism. Brave. Inquisitive. Insightful and at times refreshingly direct, even downright rude when necessary. Professionally focussed, supported journalism is central to any properly functioning democracy and to any free society.

They don't have it in Syria or modern Russia, ladies and gentlemen, but they need it and want it.

Too often today we hear that great journalism is dead: that no investigative journalism happens, there is too much opinion and that fine writing and arduous effort have been replaced by vox pops and tweets.

I beg to differ.

I believe great journalism is thriving, and that it constitutes the soul of great media organisations today. It certainly does at News Limited.

Yes, the media does get things wrong and engage in excesses at times. But the great things journalism achieves speak for themselves.

We can all – I am sure – recite our favourite examples from history of extraordinary contributions by journalists. Bernstein and Woodward uncovering Watergate. Veronica Guerin uncovering the Irish drug trade – and paying with her life for it. And Harold Evans and Philip Knightley telling the awful truth about Thalidomide – which caused such distressing birth deformities to thousands of children in the 1960s. And let's not forget the remarkable work of Phil Dickie at *The Courier-Mail* in pursuing entrenched corruption in Queensland during the Bjelke-Petersen era.

Such stories cast a long shadow. They are heroic. They are studied in journalism schools. Movies and major television dramas have been made from many of them. With remarkably talented actors like Robert Redford and Cate Blanchett. They remind us that in a secular age journalism remains one of the great romantic professions.

And not just in Hollywood movies – but in newsrooms across Australia today.

If you want some examples, consider some of the winners of the Sir Keith Murdoch Award for journalism since its inception eight years ago.

- In 2006 **Caroline Overington**, writing for *The Australian*, led the investigations into the Australian Wheat Board scandal. She uncovered that the Australian Wheat Board had paid \$290 million in illegal kickbacks to Saddam Hussein's regime. Despite repeated warnings that the Wheat Board was corrupt, the Howard Government did not act until this was exposed.
- In 2007 **Colleen Egan** on *The Sunday Times* in Perth won for her eight year investigation and campaign to free Andrew Mallard from jail for a murder he did not commit. Mr Mallard was exonerated and the Corruption and Crime Commission found he'd been wrongfully convicted. If it were not for Colleen's work Mr Mallard may have remained incarcerated.
- In 2008 **Tony Koch** on *The Australian* won the prize for his investigative series which exposed terrible failures in the justice system in remote indigenous communities. This series helped change the way courts handle domestic violence and sexual offences in far north Queensland
- In 2011 **Jill Baker** of the *Herald Sun* won for an outstanding piece of journalism about her breast cancer diagnosis and the nine months of treatment. Her piece was courageous. Poignant, Insightful and explored something that too many women have to face
- And this year **Ruth Lamperd and Stephen Drill** also from the *Herald Sun* won for reporting how Victorian fire fighters had been exposed to cancer causing chemicals at a training college in Fiskville. Without their reports this injustice may never have been brought to light. It has prompted parliament to look at laws to provide better compensation for Victoria's 60,000 fire fighters.

Exposing corruption and waste. Freeing the innocent from gaol. Preventing poisoning and death. Celebrating the triumph of the human spirit. This is the stuff of true journalism, practised here in Australia today. It speaks of profound things – about who we are and how we can be better. Great journalism is not a thing of the past, it is alive and well here in Australia, and every bit as consequential as any journalistic plot you are likely to see in a Hollywood movie.

And these prize winners are only a very small sample of what we publish. Each year, News Limited publishes over two million stories.

In the last three months, we have published approximately 350 news breaking exclusives in our metropolitan daily mastheads, another 44 news breaking exclusives were revealed across our Sunday network, and around 160 major exclusive stories in *The Australian* alone.

And we're not the only ones breaking great stories. For instance, Fairfax's work in exposing the scandal at the HSU was remarkably strong.

All these great stories illustrate the necessary characteristics of great journalism. Tenacity but also character forming frankness. Journalists and editors refusing to accept certain answers. Demanding other answers. Getting in people's faces. Going round people. Writing tough things about officials. Refusing to back down in the face of pressure from officials. Yes, even being rude at times. It requires robustness of character to expose the truth.

And this is something that those who seek to over-regulate the press just don't get. They pine for a return to old-fashioned journalistic gentility and politeness – complete with its own set of gentleman's club rules – that is not possible in the real world of truth-telling.

Now I, like I am sure many of you, deplore the unhinged slander and demonic ravings that can be found on the internet. But the truth is that good journalism does rely on an armoury of skills including at times what etiquette schools may term 'rude behaviour'. It also relies, I might add, on proper professional behaviour – such as research, understanding and respect for the law and individual rights, checking facts, corroborating what you are told, editorial professionalism, and respecting the complaint processes of the Australian Press Council.

GREAT JOURNALISM NEEDS ECONOMICALLY SUCCESSFUL MEDIA COMPANIES

But good professional journalism which I have just described costs money. So the question becomes: in a world where traditional media revenue models are under considerable pressure, how do we pay for it?

You know, it's easy to see journalism and business as diametrically opposed cultures. It's a mistake critics of media companies like mine often make. But the two cultures can and must coexist for journalism to have a future.

The technological and consumer changes I mentioned earlier are making our media business landscape almost unrecognisable from the one we inhabited a generation ago. The famed rivers of gold that once flowed into the print products of one of our competitors have slowed to a low-grade coppery trickle. Companies that barely existed ten years ago such as Seek, Carsales.com.au and REA are today some of Australia's most valuable media companies; and FOXTEL now has more than 2.5 million subscribing households.

Greg Hywood gave a strong account in last year's lecture on the implications all this change means for the company he runs. In our case the challenge is that every time one of our customers exchanges print for digital we exchange a dollar in revenue, after allowing for cost adjustments, for something considerably south of that number. To say the least, it requires ingenuity and inventive responses to manage that very different commercial landscape.

It is of course invigorating and exciting to respond to those trends.

At News, we remain confident we will both sustain our print business and build remarkable new businesses with digital technologies – for Australian as well as global customers. Our means are to embrace innovation and invest to make it work.

Here's why I am confident about the business outlook for News Limited.

- We will continue to invest heavily in the tools for journalism. Good journalism is at the heart of what we do. It is why our customers take our products. So we've invested \$60 million in Eidos Methode a new software system that allows our journalists to 'create once and publish many times' across all the devices consumers love. We have also acquired *Business Spectator* and *The Eureka Report* which are Australia's preeminent online specialist business and investment sites which we will build further. We are also changing the way we manage the news production process – by moving to things such as seven day news rooms and a Super news desk in each state.

- We remain confident about the future of print. We currently sell over 11 million newspapers each week, which are read by more than 13 million people. Our Sunday papers sell over 2 million copies weekly. Additionally we distribute over 5 million community newspapers each week. These are big numbers in anyone's language and provide advertisers with reach, deeply engaged customers and a highly effective advertising platform.
- We are also confident about our digital strategy and related investments. We have for instance, made a bid for Consolidated Media Holdings with its 25% holding in FOXTEL and 50% holding in FOX Sports. Both are good strong businesses with excellent digital DNA. If the bid is successful, then we will own 100% of FOX Sports and 50% of FOXTEL providing a strong and profitable media platform for the future.
- We also have a large direct digital footprint. Over 8.1 million people visit our digital properties every month – many of them on multiple occasions. This includes:
 - 2.5 million unique visitors for News.com.au;
 - 2.13 million for *The Herald Sun*;
 - 1.12 million people for *The Daily Telegraph*; and,
 - just over 1 million people for *The Australian*.

Further, *The Australian* has around 40,000 paying subscribers to its digital subscription offering. We also hold a leadership position in key categories such as food, parenting, business, lifestyle and of course real estate including our majority share in REA.

- We offer advertisers a very compelling proposition. Wide reach and extraordinarily engaged consumers across print and digital. And increasingly sophisticated data to ensure they can track the effectiveness of their advertising. We are all – to one degree or another – in the business of selling. Our publications provide advertisers with very strong vehicles to build their brands and sell their products, and in so doing, they support journalism.

None of this is to say that the digital transition over the longer term will be a walk in the park. The fact is that media companies around the world gave their product away for free for fifteen years. The transitioning process means we must explain and persuade consumers as to the need to pay – and it demands openness, flexibility and care. It involves a delicate balance of push and pull with consumers – and, frankly, a fair bit of experimentation.

Naturally, it also requires real modern skills in editorial that understands journalism must adapt to different technologies, devices and their dynamics. It needs rigorous product development, refreshed accountability to advertisers and strong marketing and subscriber management support.

It will require brand management to ensure unity of purpose and consistency across divergent delivery platforms with different consumption patterns and different technology possibilities. And it will require editorial flexibility and adjustment so that the journalism is tailored to the personality and modality of the technology on which it is being delivered.

None of this is simple, inexpensive or guaranteed. However, it is clear that people will pay for content they value – look at FOXTEL, iTunes, *The Australian* digital pass and *The Wall Street Journal* that has 1.3 million subscribers across its digital offerings.

I feel confident that News Limited will remain a strong media company into the digital age. We will deliver our journalism across multiple devices and in a variety of tailored ways which respond to consumer preferences and needs. The future, as far as my frosty crystal ball allows me to peer, is positive.

THREATS TO PROSPEROUS MEDIA COMPANIES AND PRESS FREEDOM

But – and this is my fourth point – we will only succeed in doing this and carving out a future for great journalism if the regulators don't place too many unnecessary obstacles in our way.

There must be scope for media businesses to adapt to change - Big, once in a generation change.

And yet when I look at some of the policy proposals coming out of various government reviews, it's as if they were written by the descendants of the Luddites who were transported to Van Diemen's Land in the 1830s. It's easy to have sympathy for the poor old Luddites. They were of course the little people at the end of the cotton spinning trade who were protecting their craft from rapid undermining by the factory system during the Industrial Revolution. But this new Luddism of the Digital Revolution only protects the strong – the big old media companies who want to deal in political favours from the government of the day. They don't deserve our sympathy. Mine is a big company, but we don't want favours; we just want to be allowed to compete.

Take the Convergence Review. It was charged with looking at all aspects of media policy. Except that certain things were ruled out of bounds like the sports anti-siphoning policy and its vast list of over 1300 sports events, which are handed to the old networks on a platter. The result: Luddism.

The Convergence Review also was supposed to take an approach that favoured deregulation over regulation. And yet it has recommended keeping in place rules administered by the Australian Media and Communications Authority that prohibit media companies from merging. Again, Luddism.

In addition to this the Convergence Review has recommended that there be a 'Public Interest test' on media mergers, supposedly to preserve diversity. You will remember I mentioned this earlier when I talked of Chekov. How can there possibly be a need for an additional test to 'preserve diversity' when diversity is the stand-out characteristic of the digital revolution? In a world with multiplying news websites, blogs and tweets, why do we need to regulate for more diversity? This must be the ultimate example of Luddism.

The fact is, the 'public interest test' is a solution in search of a problem. The arguments against it are extensive.

- It isn't necessary, as the market has delivered diversity in abundance.
- It replicates existing regulatory protections for diversity – such as the ACCC's extensive powers on mergers.

- It is unusually difficult to define and therefore inevitably vague and highly subjective.
- It is, as overseas experience has shown, subject to political interference. Let's face it, it is not a public interest test at all but rather a *political* interest test or more particularly a government interest test.
- And at a time when media assets are under stress, it will unquestionably suppress the value of assets. And in doing this it – along with all the other unnecessary regulations I have mentioned – will undermine our ability to continue to fund good journalism.

Just think about it for a short while from the perspective of a commercial media company. The world is converging, barriers to entry falling, and traditional revenues are under pressure. Yet the regulators are proposing to weaken the ability of media companies to unite and rearrange their assets even further than is currently the case. It is counter-intuitive and has no driving logic. The new Luddites need to think again.

FINKELSTEIN AND CENSORSHIP

The other thing the Luddites surely must do is rethink the implicit limitations they propose to impose on freedom of the press through the Finkelstein Review.

Because journalism today is under attack.

The Finkelstein Inquiry was set up because one political party did not like our journalism. Senior politicians have attacked our journalists under parliamentary privilege. The Attorney-General recently waded into one of our journalists around the court case concerning the Speaker of the House, Peter Slipper. A case the Commonwealth settled last week. And the Finkelstein Inquiry catalogues what it says is a long list of failures and misdemeanours by media companies.

For supporters of independent journalism that Review's central recommendations are ominous indeed.

Consider the following:

- It has recommended the Government set up a statutory body to deal with complaints.
- This body – headed by an ex-judge or eminent person – would not have to publish reasons for its decisions.
- Its decisions would not be able to be appealed.
- If media companies do not comply with its rulings the 'super regulator' will be able to seek court orders – with non-compliance leading to the usual penalties of fines or gaoling.

Fines or gaolings. Is that what we really want in Australia?

There are a wide number of problems with Finkelstein's recommendations – which when taken as a whole amount to a grave threat to press freedom.

The first problem is that it does not pass the threshold test. Governments should not be involved in the oversight of what appears in our press. Most media executives and practitioners rightly have a profound distrust of government acting, as one American Court once put it, 'as superior editors of the press'. This is not trite banter on my part – it is a serious issue requiring serious and persistent resistance.

The second major problem is that it overthrows important principles of due process and natural justice. It proposes a statutory body with powers to seek court orders to jail people. But it is unfettered by the normal checks and balances such as a requirement that it must publish reasons for its decisions or even that its decisions are appealable. In short, it junks natural justice in favour of fast processes and absolute authority – it is nothing more than a star chamber.

The third problem with Finkelstein is that it seeks to remedy problems that are not problems at all and which Government bodies have no place ruling on. The Finkelstein Report quotes, without any qualification, an ex-Chairman of the Press Council on the problems of the Australian media that need to be remedied. It is worryingly slight on analysis or anything approaching objective quantification and appraisal of the alleged issues requiring attention.

These 'so called problems' include, and I quote:

- a strong bias in the reporting of government affairs ;and
- obsessive attempts to influence government policy through repetition of reporting.

It's worth thinking about the implications of this for just a moment, and asking some questions.

- Who determines anti-government bias in a democracy? Isn't it a wholly subjective assessment? Isn't one man's bias, another woman's truth?
- Since when has it been wrong for newspapers to have clear and distinct editorial positions on key questions of the day? Should *The Guardian* be forced to adopt the same editorial line on government expenditure as *The Economist*? Should *The Age* be forced to adopt the same editorial line on labour market reform as *The Australian*?

I agree absolutely with one of the previous presenters of this lecture Michael Gawenda when he criticized the paper he once edited for not endorsing any political party in the 2004 election. Good publications know what they believe in. They know their readers. They should take positions. Otherwise they risk becoming mush. They risk losing those readers. They risk losing their relevance. They eventually close.

And since when did the tenacious pursuit of the truth by investigative journalists become obsessive and repetitious reporting? If that were the case, the great investigative pursuits of the past, Watergate, the Pentagon Papers, the Thalidomide investigation, and the AWB scandal, would never have been allowed. The fact is, great journalism is often repetitive. It's obsessive. It's driven to influence something that the publication believes is wrong or needs to change – whether its Government policy or bad business practices. And it is usually vindicated.

And in any event it can never be the role of Government regulators to oversee editorial positions. It's a basic democratic line that should never be crossed, no matter how aggrieved a government feels.

The final problem with the analysis in Finkelstein is that it says that the 'market place of ideas' does not operate to correct errors in press reporting because of the 'concentration of newspaper ownership' in Australia. We disagree. There is more media diversity than at any time in our history and there are more ways than ever before for citizens to respond to media reports they believe to be biased or incorrect.

Politicians especially have enormous powers to correct and answer back. After all, they have parliamentary privilege, battalions of public relations advisers, lavish Government advertising campaigns, and their own media savvy.

And if all this fails, people still have recourse to the courts and defamation law.

None of this is to say that the media cannot do better to oversee itself. I acknowledge freely that the Australian press self regulation needs improving. This is why we at News with colleague media members have strongly supported strengthening the Australian Press Council with: increased funding; extended compulsory withdrawal times to four years; enhanced standards and processes for complaints; and commitment to comply with additional powers to direct that corrections be placed in offending publications.

Surely, this strengthening of the APC which we have done is the best way to provide effective remedies for incorrect stories whilst preserving freedom of the press.

HOW HAVE WE GOT TO THIS POINT?

But why is this happening? Why is Australia putting at risk a well-funded, vigorous, independent-minded media capable of supporting reporting that serves our people?

The answer is found by looking beyond Government discussion papers and media releases to some of the core elements that drive media policy. These are:

- As smart as many policy makers are they do not sufficiently understand the changes underway in the digital economy or the state of media companies. They are too locked in last century thinking.
- Too much media policy making is driven by people with an acute self interest in the outcome. Take the Finkelstein Inquiry – it was set up at the behest of the Greens because they did not like our reporting.

This infects thinking on media ownership – too much is driven by political calculations. Who will offer us better coverage? Who do we need to punish? Anyone who has read Hilary Mantel's novels about the machinations of the Tudor court of Henry the Eighth will understand the atmosphere in which Australian media policy is now being made.

- Media policy makers are too steeped in a "balancing the wobbly table" approach to policy. They are overly driven by balancing commercial interests rather than shooting for the public interest.
- Politicians assume that Australians are silly, naïve and vulnerable whereas they have some of the best BS metres in the world.

- Finally, today's policy makers have replaced the more open market focused approach to public policy of the 1980s, with an overwhelming urge to regulate rather than trusting the common sense of Australians.

CONCLUSION

We all stand here at a time of unprecedented changes – as many previous AN Smith lecturers have so well demonstrated. It is thrilling and scary at the same time.

To thrive in this new world, media companies must continue to do what they have always done – provide great, curated journalism. Journalism that is fresh, that is relevant, that is accurate and that is yes, opinionated.

Many speak as if they have a perfect crystal ball that allows them to plan the perfect regulatory framework for the Australian media. They are usually those with no capital at risk and no requirement to deliver to and be judged by, exacting consumer standards.

Increasingly – and this is a worry – they are people who think that the judgement of sophisticated regulators is superior to the judgement of ordinary Australian citizens. That judges, ministers and bureaucrats know better than people who buy newspapers. There is a profoundly undemocratic undercurrent at the bottom of the media regulation push today.

Those of us who have no option but to trust the Australian people as media consumers and democratic citizens have a harder task. Rather than the bludgeon of state imposed regulations, ours is a much more delicate task of winning and holding customers each and every day. It's a task that today involves providing great journalism while being innovative and taking risks as to what connects with consumers.

So, no, I do not have anything other than a very frosty crystal ball – although I will keep polishing it to make the picture clearer every day.

But I do feel confident that my company has the right approach: a strong corporate commitment to great journalism, plans for big investments to reach more digital customers, and a business model that will expand our revenue sources through every type of media.

The best thing Government can do in this environment is accept the realities of digital empowerment and craft policies that respect and travel with this change rather than try an inevitably futile route to contain, control and supervise in the service of political interest. Journalism – and the democracy it celebrates and serves – depend on it.

Thank you

End.

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