



## THE HONOURABLE KEVIN RUDD AC

26<sup>th</sup> Prime Minister of Australia

### SUBMISSION TO THE SENATE ENVIRONMENT AND COMMUNICATIONS INQUIRY INTO MEDIA DIVERSITY IN AUSTRALIA

*“I reached the conclusion that you can venerate a contest of ideas, if you will, and we all do and that’s important, but it shouldn’t be in a way that hides agendas. A contest of ideas shouldn’t be used to legitimise disinformation. And I think it’s often taken advantage of. And I think at great news organisations, the mission really should be to introduce fact to disperse doubt — not to sow doubt, to obscure fact, if you will.”*

James Murdoch on why he resigned from News Corporation  
quoted in The New York Times, 10 October 2020

#### Introduction

**This statement from James Murdoch, son of Rupert Murdoch and a person who has been at the centre of the Murdoch media empire for the last 20 years, should give all Australians pause. This is a statement from the heart of the organisation. It is not a statement from me, or from any other political leader. And it was made within days of my launching a national petition into the abuse of Rupert Murdoch’s media monopoly powers in October 2020. Of itself, James Murdoch’s statement should cause the Australian body politic to pause and to take stock on the cumulative impact of this systematic campaign of “hidden agendas” and “disinformation” on the life of our democracy. It’s what I call a “cancer on democracy”.**

1. I thank the Senate for convening this inquiry. In doing so, senators have acted to investigate the concerns of more than 500,000 Australians who signed the national petition for a Royal Commission to ensure the strength and diversity of our nation’s news media.
2. Monopolies occur when one company can unilaterally control production or distribution for a substantial part of the goods or services in a market<sup>1</sup>. Monopolies are inherently bad. They almost always inflict harm on consumers through heavier prices, diminished choice, lower incentive to innovate and greater intellectual stagnation. When monopolies become so entrenched and powerful, they become entitled and believe that political leaders are unwilling to stand up to them. Monopolies are also inherently un-Australian because they deny a fair go to compete, even if the smaller competitor could provide cheaper or better

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<sup>1</sup> Mathematical definitions of monopoly vary, but generally range from 25 per cent control (as existed under the UK Fair Trading Act) to around 60 per cent in the United States. Under either definition, News Corp Australia would pass this test.

services on a level playing field. Monopolies are illiberal and antisocial, and should therefore offend all sides of democratic politics.

3. A functioning media market is central to a functioning democracy. Citizens depend on fair and accurate reporting of news to understand what is happening in their society, and critical and intellectually rigorous investigations to keep a watchful eye on those in power. Media outlets are also responsible for providing a platform for responsible commentary and a contest of genuinely held ideas. In doing so, they set the parameters of debate and what normally is politically possible. A strong, vibrant, free and publicly accountable media is therefore essential infrastructure in any functioning democracy, without which there can be no effective political freedom. Diversity and competition within the sector are necessary to ensure that, when one set of outlets fails to deliver independent factual news, together with balanced commentary covering the full range of views from across the mainstream political spectrum, there are others ready to fill that role.
4. It therefore follows that a functioning democracy cannot abide media monopolies. Such monopolies skew democratic expression and undermine open, honest debates. There should be no region of this country where one owner controls the majority of news circulation, let alone has a near-total monopoly. It is not enough for politicians simply to leave this to market forces, since for-profit media companies have a vested interest in acquiring and maintaining monopoly. There is an essential role for parliament, as the democratically elected representatives of the people, to ensure that such monopolies do not emerge or persist.
5. This inquiry has the potential to act as a circuit-breaker and set Australia on a path toward a genuinely strong and diverse media – an industry that is growing, not shrinking, and with the greatest possible diversity of ownership.

## The Australian Media Landscape

6. The overwhelming majority of Australia's original journalism emerges from the nation's print newsrooms. Broadcast and online media, with a few minor exceptions, have never shown the same level of dedication to producing original or agenda-setting coverage. On any given day in Australia, print headlines will probably feature prominently on radio news bulletins that morning, be debated in press conferences throughout the day, and screen on TV bulletins that evening. Consider the fact that non-print commercial media have won the Walkley Award for all-media investigative reporting only twice in the award's 24-year history. For this reason, the print media monopolies are of deepest significance to media diversity in our country.
7. Australia's propensity for press monopoly has been well known for more than four decades. Victoria's Norris Inquiry was warned in 1981 that Australia's level of press monopoly was the highest in the world. It is today dominated by just two companies: Murdoch's News Corp and the centre-right Nine Entertainment group, with a few smaller players in mostly niche markets. A 2016 study of media ownership and concentration found News Corp owned about 65 per cent of print newspaper readership across Australia – a figure that subsequently rose to 70 per cent through Murdoch's acquisition of APN News & Media. News Corporation boasts it reaches 16 million people in Australia – equivalent to more than 80 per cent of the adult population.
8. The Murdoch media operates a monopoly nationally, and super-monopolies of varying strength throughout Australia. **In states like Queensland, which has decided every federal election this century, it is impossible to obtain a general-interest daily newspaper that is not owned by Murdoch.** The Courier-Mail, Gold Coast Bulletin, Townsville Bulletin, Cairns Post and Toowoomba Chronicle are all Murdoch-owned and Murdoch-controlled daily papers, as is the national daily The Australian. This gives the Murdoch media overwhelming power in setting the state's news agenda. In addition to this, Murdoch controls the Sunshine Coast Daily, Noosa News, Gympie Times, Fraser Coast Chronicle, Bundaberg News-Mail, Gladstone Observer, Rockhampton Morning Bulletin, Whitsunday Times, Whitsunday Post Guardian, Mackay Daily Mercury, Bowen Independent, Central Queensland News, Western Times, Western Star, Chinchilla News, Dalby Herald, Central and North Burnett Times, South Burnett Times, Toowoomba Chronicle, Gatton Star, Queensland Times, Warwick Daily News and Stanthorpe Border Post. All of these have been gutted by Murdoch; despite News Corp promising to invest in "vibrant newspaper operations" when purchasing them in 2016, they no longer offer a print product. As such, they serve substantial volumes of centralised non-local news to a smaller, younger audience. These communities, having been forced to place their faith in Murdoch, are quickly becoming local news deserts.
9. Across the rest of Australia, Murdoch's major print mastheads include:
  - The Australian and Weekend Australian, the only nationwide general-interest daily.
  - In NSW, the Daily Telegraph, which splits the market for Sydney-centric press with Nine's Sydney Morning Herald with an approximate 60-40 divide (in its favour);
  - The Melbourne Herald Sun, where the situation is similar to Sydney, supplemented by an outright monopoly in Victoria's second city through the Geelong Advertiser;
  - The Advertiser, the only metropolitan daily in South Australia;
  - The Hobart Mercury, the only metropolitan daily newspaper in Tasmania;
  - The Weekly Times, the country's biggest-selling rural newspaper; and

- The NT News, the only metropolitan daily in the Northern Territory.
10. Murdoch's print power is amplified through Sky News Australia. Once written off as a niche outlet with a tiny viewership, Sky News polemics enjoy unparalleled replay through online platforms. Sky News's subscriber base of 1.1 million on YouTube – a platform known for facilitating political radicalisation – is bigger than the 7 News, 9 News and 10 News subscription bases combined. Sky News is also broadcast free-to-air across 30 regional markets across every state and territory. For those concerned about the cumulative impact of Fox News in America on the radicalisation of U.S. politics, the same template is being followed with Sky News in Australia. We will see its full impact in a decade's time.
  11. Murdoch's influence is also spread through deep and longstanding links to the Nine Radio network, formerly known as Macquarie Radio. Nine Radio operates eight stations – notably 2GB, 3AW and 4BC – and fills some of its top-rating slots with individuals who also feature prominently in the Murdoch media (for example Ray Hadley, Chris Smith and, until recently, Alan Jones). Other Murdoch commentators have regular segments, if not a whole program. On the talkback radio airwaves, the Murdoch and Nine empires are connected at the hip.
  12. The extent of news media diversity online is bound up with the future regulation of digital platforms, such as Google and Facebook, which are themselves emerging as new monopolies. The potential new rules of the road for this comparatively unregulated industry will have lasting implications for our society and democracy; they are themselves sufficient cause for a systemic inquiry – in the form of a royal commission – across the whole media spectrum.
  13. Nobody should doubt the power of these platforms to spread misinformation between users, especially when political leaders refuse to quash such misinformation. The Qanon conspiracy theory and the “death tax” myth of the 2019 federal election are examples of this. However, in both cases, these myths were given credence by opportunistic political leaders being unwilling to rebuke them. The same applies when established news brands lend their credibility to lies and misinformation; for instance, it is hard to imagine claims an alleged “socialist plot” involving the Bureau of Meteorology to selective manipulate climate data and install a “new world order under the control of the UN” would gain much traction if it weren't routinely published by once-respectable mastheads like The Australian.<sup>2</sup>
  14. That Murdoch is allowed to control so much of Australia's media is extraordinary given his company's history of criminality and unethical conduct. It includes bribery of police, hacking into people's phones to invade their privacy, and covering up for sexual predators while blaming victims.<sup>3</sup> Murdoch is, by any objective measure, not a fit and proper person to control a media empire in Australia.

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2 <https://www.theaustralian.com.au/commentary/climate-change-signals-part-of-socialist-plot/news-story/a29d692e6efed92606cdf4e56315c0be>; <https://www.theaustralian.com.au/commentary/opinion/the-un-is-using-climate-change-as-a-tool-not-an-issue/news-story/1e6586191def1fb6d970ba052a4faf08>

3 <https://www.smh.com.au/business/companies/murdoch-aware-of-police-payments-from-day-one-20130704-2pd94.html>; <https://www.theguardian.com/media/2012/feb/27/sun-culture-illegal-payments-leveson>; <https://www.vanityfair.com/style/2017/12/women-of-fox-tear-into-rupert-murdoch-sexual-harassment-nonsense>; <https://www.smh.com.au/entertainment/tv-and-radio/fox-forced-to-clarify-rupert-murdochs-nonsense-sexual-harassment-comments-20171218-h06aqt.html> <https://www.abc.net.au/news/2017-12-15/murdoch-calls-fox-news-sexual-harassment-allegations-political/9264112>; <https://www.theguardian.com/media/2011/jul/19/rupert-murdoch-phone-hacking-pic>

## The Impact of Murdoch's Monopoly on Australia

15. Murdoch's monopoly power has a pernicious effect on our politics that has become especially pronounced over the last 10 years. Politicians seeking to communicate with their constituents often have nowhere to turn but the Murdoch outlets, and those outlets have outsize power in defining the terms of national debate. This manifests itself in several ways.
16. Murdoch operates a **kind of protection racket** for those individuals in business and politics who are considered useful to the Murdoch organisation's commercial or political interests. This can take the form of positive coverage or, worse still, the suppression or non-investigation of negative stories. Some negative stories will always filter through – especially where a story is so big that it cannot plausibly be avoided – but the balance will err on the side of protection. For example, the NSW Liberal Government's difficulties in managing the coronavirus pandemic have been documented by the Murdoch media, but with none of the venom reserved for the Victorian Labor Government when faced with a similar challenge. Any factual survey of the quantitative and qualitative front page coverage of the Sydney Daily Telegraph and the Melbourne Herald Sun during 2020 will validate this claim.



*New South Wales and Victoria: Similar challenges. Different narratives.*

17. This “protection racket” phenomenon is evident in terms of the current federal government as a whole, but it is by no means limited to the conservative side of politics. Politicians from all parties have taken out unofficial insurance policies with the Murdoch media to be protected. Those politicians who benefit from this protection racket derive short or long-term benefit from it, although they understand that it involves ceding sovereignty to Murdoch and his appointed lieutenants as political kingmakers. Our current media monopoly provides few alternatives for ambitious young politicians to get ahead.
18. The trading of favours is a well-established practice of the Murdoch media, although it is rarely discussed. One example highlighted in the UK was the case of Charlotte Church, a child musical prodigy, who in 1999 was pressured to waive her £100,000 fee for performing at Rupert Murdoch's wedding in exchange for being able to call in a future favour. Church later told Britain's Leveson Inquiry: “I also remember being 13 and thinking: ‘Why on earth would anybody take a favour or £100,000?’ and you know, me and my mother being quite resolute on this point, that the £100,000 was definitely the best option, but being advised by management and by certain members of the record company to take the latter option, that he was a very, very powerful man, I was in the early stages of my career and could absolutely do with a favour of this magnitude.”<sup>4</sup>

4 [https://discoverleveson.com/evidence/Oral\\_Evidence\\_given\\_by\\_Charlotte\\_Church/5852/media](https://discoverleveson.com/evidence/Oral_Evidence_given_by_Charlotte_Church/5852/media)

19. Those who do not join the protection racket operate in **a culture of fear**. Involvement in Australian public life under Murdoch is like being subject to the power of a mafia organisation. This applies to both serving and retired politicians. All politicians know that, if they rock Murdoch's boat, he will seek to destroy them – personally and professionally.
20. The additional promise of the protection racket is that, should the “protected” politician come under attack, Murdoch will exact retribution on their behalf. Committee members will be aware of this phenomenon from their own experience, although it was recently summed up by former News of the World reporter Graham Johnson as follows: “The News of the World was like having a division of the SS at your beck and call. It could be sent into action and it would execute your orders to the fucking full stop.”
21. There are many examples of the impact of Murdoch's media monopoly on Australian politics and public policy. Over the last decade, these fall into seven main areas:

#### ***National Broadband Network***

22. News Corporation was instrumental in driving the Liberal Party to oppose a fibre-to-the-premises National Broadband Network, which was a threat to the longevity of its Foxtel cable network. News Corp disclosed this conflict to the New York Stock Exchange, telling investors in 2013 that Internet-delivered content would threaten its revenue. As a consequence, Australia now has a second-rate copper network that is four years' overdue, \$20 billion over-budget and plagued with outages. This is a scandal of massive proportions - the torpedoing of a public infrastructure investment project to advantage the interests of a private monopoly.

#### ***Debt and deficit***

23. The Murdoch media is responsible for misleading a generation of Australians about the real state of their country's economic position. Earlier this century, the Australian economy was saved by a targeted stimulus program that protected 210,000 jobs and averted an 18-month recession. The Murdoch media pretended the stimulus, funded by a net debt to GDP ratio of 13 per cent, was unsustainable, when it was in fact among the lowest in the world. Many Australians have internalised this bias, contributing to the Morrison Government's reluctance to engage in targeted stimulus as the economy softened in 2019 (if he had, Australia would not have recorded the second quarter of negative growth in 2020, surrendering its reputation in global investment circles as the miracle economy that avoids recession). News Corp has not campaigned against the Morrison Government's projected net debt to GDP ratio of 41 per cent. Instead, it has given them a leave pass.

#### ***Climate change***

24. Rupert Murdoch is an unabashed sceptic of the climate science as vetted by the Intergovernmental Panel on Climate Change and every major scientific institution on earth, including the CSIRO. His outlets frequently and uncritically publish pseudoscience that variously claims climate action is unnecessary, too costly or a stalking horse to establish a new socialist world order. Such data manipulation claims continue to be published, and older articles remain online, despite Press Council criticism. Because of Murdoch's monopoly influence, Australia is now one of the few countries on earth where lasting,

meaningful climate change action has not been possible. Murdoch has exercised a similar influence in the United States.

### ***Race***

25. Murdoch's blatant race-baiting has seen it targeted for criticism by a wide variety of ethnic communities across Australia. This routinely includes race-based attacks on Chinese Australians, African Australians and Muslim Australians. News Corp's influence has dehumanised refugees, providing political cover for a contorted system that inexplicably keeps people in indefinite detention rather than resettling them in countries such as New Zealand which have volunteered to take them.

### ***Corruption***

26. Australia has a serious and growing corruption problem at the national level. This is reflected on the international league table published by Transparency International, where Australia has slipped to the 12<sup>th</sup> in the world, down from 7<sup>th</sup> in 1995.<sup>6</sup> The list of under-reported or non-reported corruption stories is growing. They include the \$100 million Sports Rorts, \$30 million Leppington Triangle and \$39 million Border Force corruption allegations. At the same time, the government has defunded the Auditor-General's office or censored its reports<sup>7</sup>, and slow-walked progress on a national integrity commission. The Murdoch media's symbiotic relationship with the federal government has stopped it properly holding the government to account on these critical issues. In any other Western country, other press would take up this mantle effectively. However, Murdoch's monopoly power makes this impossible.

### ***"News Coverage" of the Political Parties***

27. The Murdoch monopoly's dependence on the Liberal Party for political favours (for example, on the NBN) has consequences for the Labor Party which has been subjected to a systemic campaign of smear and delegitimation as a party of national government. Despite international studies regularly ranking the ALP among the most moderate political parties in the world<sup>8</sup> – far closer to the political centre than the Liberal Party – the Murdoch media abuses its power to assault the Labor Party's political legitimacy. It has been an intellectually dishonest campaign that hinges on sensationalising alleged failures on the part of the Labor Party, while downplaying or ignoring similar failings on the part of the Liberal Party. This goes beyond the Murdoch media's editorials. Much more importantly it bleeds into news content through the agenda-driven slanting of almost all news coverage. The Murdoch media have now campaigned viciously against the Labor Party at nineteen consecutive state and federal elections since 2010. For example, in the most recent of these, the Queensland election of October 2020, Murdoch's Courier-Mail ran 83 articles slanted against the Labor Party, 8 articles against the Liberal National Party, and only 16 articles favourable to the Labor Party.

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6 [https://images.transparencycdn.org/images/2019\\_CPI\\_Report\\_EN\\_200331\\_141425.pdf](https://images.transparencycdn.org/images/2019_CPI_Report_EN_200331_141425.pdf)

7 <https://www.theguardian.com/australia-news/2021/jan/09/suppressed-auditor-generals-report-warned-13bn-australian-defence-deal-not-value-for-money>; <https://www.abc.net.au/news/2020-12-10/fact-check-anao-funding-has-the-coalition-gutted/12962116>

8 <https://dataverse.harvard.edu/dataverse/GlobalPartySurvey>

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Examples of slanted coverage by the Courier-Mail during the 2019 Queensland election campaign



## Impact on Free Speech

28. The Murdoch media also abuses its monopoly to chill free speech in our society. It has, for many years, been the pioneers of “cancel culture” by bullying individuals with “unacceptable” opinions into the shadows. Murdoch hounds these opponents with a deeply personal viciousness, scouring through their personal lives and harassing them they and others like them understand the consequences of free speech. This happens frequently, although most are too frightened to complain about it. This is the most pernicious impact of Murdoch’s deliberately cultivated culture of fear.

### Murdoch’s Impact on Individuals: The Case Study of Duncan Storrar

The impact of the abuse of Murdoch’s media monopoly extends way beyond the political class. It also affects individual Australians who argue a view different that doesn’t conform to the Murdoch worldview.

Duncan Storrar, for example, was a minimum wage worker with two young daughters. In 2016, he used one of the few public platforms available to ordinary citizens – the ABC’s Q&A program – to question the government’s income tax policy: “I’ve got a disability and a low education. That means I’ve spent my whole life working off a minimum wage. You’re going to lift the tax-free threshold for rich people. If you lift my tax-free threshold, that changes my life. That means that I get to say to my little girls, ‘Daddy’s not broke this weekend, we can go to the pictures.’ Rich people don’t even notice their tax-free threshold lift. Why don’t I get it? Why do they get it?”



Mr Storrar embarrassed a Liberal minister on the program, Kelly O’Dwyer, by highlighting inequity in her government’s policies. For this sin, the Murdoch media deployed resources to scour his personal history, bully and vilify him by ventilating his police record and his family struggles. He was vilified for paying “no net tax” – without the essential context that around half of all adults are in that position. More than a week of negative coverage ensued as the Murdoch media made an example of Mr Storrar, showing how the Murdoch protection racket deals with ordinary citizens who dare to ask questions.

Mr Storrar later wrote that the Murdoch press showed no regard for his welfare or that of his family: “If a person shows the powers to be out of touch of people, that they are, they will be dropped, probed and attacked in any way with no thought to the mental well-being of their children.”<sup>9</sup>

**Complaints were made to the Australian Press Council which accepted the Herald Sun’s argument that Mr Storrar “had foregone any reasonable expectation of privacy” by deciding to ask his question.** Despite their protestations, the Murdoch media pioneered “cancel culture” in this country. They cancelled Duncan Storrar, just as they have cancelled countless Australians before and since.

9 [https://www.abc.net.au/mediawatch/transcripts/1616\\_storrar.pdf](https://www.abc.net.au/mediawatch/transcripts/1616_storrar.pdf)

29. I once asked David Penberthy, the then editor of the Sydney Daily Telegraph, why his newspaper launched such vicious personal attacks on his fellow Australians. His answer, which I've never forgotten, was swaggeringly arrogant: "Because we can!"

### **Impact on Other Institutions: Murdoch's Attack on the Universities**

30. Another aspect of Murdoch's assault on free speech is the systematic denigration of Australia's universities. Our universities are key engines of our economy prosperity and have trained successive generations of Australian leaders. However the Murdoch media's attacks on the university sector as purveyors of "political correctness", "cancel culture", "the left" and more recently as protectors of political Islam have been relentless, notorious and always unbalanced. In part, this is because the universities represent an alternative source of authoritative knowledge to Murdoch publications. But the Murdoch media also has a commercial interest in Australians being less educated, since education renders consumers more able to see through their attempts to sow disinformation. Murdoch's campaign against the universities has been the deliberate prosecution of a political agenda, in partnership with the current conservative government, which also seeks to destroy the universities' public funding base. University administrators understand the wrath of the Murdoch media; it is telling that so few university studies investigate the extent and influence of Murdoch's monopoly, relative to its influence over Australian life. They fear for their reputation.
31. The Murdoch media's campaign against academia transcends its attacks on individual academics, casting doubt on institutions of higher education as a whole. One way the Murdoch media signals the virtue that academics are not to be trusted is by periodically highlighting Australian Research Council grants, which it pithily summarises and then attacks as wasteful left-wing indulgences. However, these grants are not capable of being so easily reduced into a single sentence. The reality is that these grants are allocated at arm's length by experts following a process peer review, and the independence of which is part of the reason why Australia has six universities ranked among the top 75 in the world for research.<sup>10</sup>

32. For example, on 23 October 2020, Murdoch's Daily Telegraph published a one-sided news article about the Australian Research Council, accompanied by an editorial that railed against public funding for research into Australia's history if it involved questioning the premise that "our nation is a great and lasting success based on unity and civility". According to the Telegraph, no "reasonable people" would ever entertain the suggestion of any friction, fracturing or injustice in Australian history.

## **They really don't like us**

**A**ccording to the Australian Research Council, its latest round of hefty multi-million-dollar handouts meet their assessment criteria and the national interest test.

If so, then both the criteria and the test need fixing.

Many of the taxpayer grants to academics and universities appear to be for projects that attack Australia and our past rather than explore and explain.

The University of Melbourne, for example, will receive more than \$250,000 to investigate the "friction between the nation's stories of itself, and the current

massive fracturing of health, of places and of peoples".

And Griffith University has picked up nearly \$300,000 "to explore the role living heritage sites play in resisting or reinforcing cultural injustices faced by colonial subjects".

Friction, fracturing and injustices. These are not words that usually come quickly to the minds of any reasonable people when observing Australia.

Our nation is a great and lasting success based on unity and civility. To put it in terms too positive to ever secure a grant, we get along with each other.

<sup>10</sup> [https://www.timeshighereducation.com/world-university-rankings/2020/world-ranking#!/page/0/length/25/sort\\_by/rank/sort\\_order/asc/cols/stats](https://www.timeshighereducation.com/world-university-rankings/2020/world-ranking#!/page/0/length/25/sort_by/rank/sort_order/asc/cols/stats)

33. Such a sweeping statement about any nation’s past would be worthy of authoritarian state media. It is also emblematic of Murdoch’s hostility to deeper inquiry and its desire to appoint itself as arbiters of not only current truths, but historical ones as well.

### **Impact on the ABC**

34. In a similar vein, the Murdoch media uses its dominant position to attack and discredit public broadcasters. The core reason why Murdoch attacks the ABC – consistently the nation’s most trusted media institution – is not because it is “too left wing” as is often claimed. The reality is that the ABC is viewed as a challenge to Murdoch’s monopoly. For this reason, the Murdoch media cheers for cuts to the ABC budget, which have totalled \$783 million since 2014, despite Tony Abbott making a clear promise before the 2013 election of “no cuts to the ABC or SBS”.
35. Cuts to ABC funding have often come as executive action, buried amid dozens of other announcements on budget night, with no prior public debate. The level of scrutiny of these decisions is also diminished by the Murdoch monopoly – and most other media outlets, for that matter – have a direct business interest in further weakening the ABC.
36. This submission, in its conclusion, urges Parliament to act immediately to protect the ABC budget from further unannounced cuts by legislating a minimal level of funding beyond which the government would be required to obtain Senate approval.

### **Taxpayer Payments to News Corporation**

37. As ABC funding has reduced, the Murdoch media has itself become a taxpayer-funded institution. Most infamously, News Corp has solicited and obtained \$40 million in taxpayer subsidies to produce sport content for Foxtel. Taxpayers were forced to pay a second time through the ABC, which has been forced to license this content from Murdoch.
38. However, this is not the only instance of the Murdoch media profiteering from budget cuts at the ABC. It also sells the national broadcaster content that it has previously produced for Foxtel. For example, on 7 August 2020, the ABC’s main channel screened “Inside Dame Elisabeth’s Garden” – a two-year-old puff piece produced for Foxtel about the Murdoch family property in Victoria. Rupert Murdoch himself was among those interviewed for the program. To add insult to injury, it was broadcast in the slot previously occupied by state-based 7.30 current affairs program, before it was axed to accommodate Liberal cuts.

### **The Australian Press Council – The Great Toothless Tiger of Media “Self-Regulation”**

39. The Murdoch media has consistently resisted regulation on the grounds that it is bound by a self-regulatory process through the Australian Press Council. The committee should reject the argument that the Press Council as presently empowered and constituted is effective in maintaining media standards of fair and balanced news reporting. The reality is that the Australian Press Council is seen by the Murdoch media as a joke. It is a **weak institution** that lives in fear of the Murdoch media, as a consequence of numerous public assaults launched against it over the last decade.<sup>10</sup> The Press Council is under-resourced and moves

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<sup>10</sup> <https://www.theaustralian.com.au/commentary/editorials/press-councils-mission-creep/news-story/3145bc8d90fc3cf0d57e062144f475aa>; <https://mumbrella.com.au/australian-says-will-boycott-australian-press-council-decisions-new-member-carla-mcgrath-448778>

so slowly that by the time a decision is reached, the public have forgotten what the dispute was about in the first place. It rarely finds against the Murdoch media and, in the rare case that it does, its findings are largely ignored. Working journalists are frequently unaware of their obligations under the Press Council principles. There is unlikely to be a single journalist in Australia who lives in fear of censure by the Press Council. It is a toothless tiger.

### **The Impact on the Parameters of our National Public Policy Debate**

40. Perhaps the most insidious of all the effects of Murdoch's media monopoly is that it restricts the acceptable parameters for national political and public policy debate. Murdoch, because of his print monopoly, together with the growing influence of news.com.au and Sky News across social media platforms, determines what news and opinion is expressed in Australia's parliaments is covered and what is not. Murdoch acts in tandem with a slew of commentators – from the far right Institute of Public Affairs (IPA) to the Centre for Independent Studies (CIS), the Menzies Research Centre, the National Civic Council and the Minerals Council of Australia – to define what is permissible within our national debate and what is not. The result is that the very agenda of our national debate is skewed to the benefit of a narrow conservative interest group and to the detriment of a national discourse that is more reflective of the contemporary composition of our national politics, economy and society.
41. We see this every day through what is covered positively, what is ridiculed and what is ignored – across tax policy, industry policy, climate policy, education policy, immigration policy, Indigenous Australians and foreign policy. A review of the public websites of these far-right think tanks reflects an almost identical political and policy agenda to that promulgated by the Murdoch media. As a consequence, there are multiple debates that are being barely had at all. This includes the future of the tax base given the explosion of the digital economy, tax minimisation schemes by global corporations like News Corp, and the ageing of the population. It also includes the sustainability of Australia's post-war economic model based on our extractive industries, the impact of rapid global de-carbonisation and the failure to diversify our economic base. Australia is also being deprived a rational debate on our future relationship with China and the US, beyond the pointless binary categories of "panda-huggers" and "China hawks". The current Murdoch media monopoly prevents a full and effective national policy debate across the full spectrum of our nation's future and urgent needs.

## Trajectory: Watch Carefully the American Template

42. The future trajectory of this monopoly, if no action is taken, is deeply disturbing for our democracy. But the problem is that the Australian political class and the rest of Australian journalism is too frightened to engage in a full and frank national public debate on the dimensions of the problem and what to do about it. Australia continues to live in fear of speaking out against Murdoch's abuse of monopoly power.
43. Rupert Murdoch is an instinctive monopolist who has never shown any tolerance for competition.
44. We see this across multiple domains: in Murdoch's approach to media competition itself; his vicious campaign against the NBN, which he feared would threaten the Foxtel cable monopoly by enabling the full range of service competitors like Netflix; as well as his abuse of his monopoly in the Australian real estate market. In 2007, when Herald Sun editor Bruce Guthrie suggested The Age might collapse, he says Murdoch responded: "That has to be our goal." The financial heart of the Murdoch empire in Australia, realestate.com.au, has become notorious among agents who accuse it of taking advantage of its dominant position to undertake price-gouging.<sup>11</sup>
45. The News Media Bargaining Code, which is designed to bolster existing media companies, risks accentuating some of the industry's existing monopoly. Increased revenue for News Corp from social media "clicks" could create an added incentive to produce sensationalised or deceptive coverage. Digital platforms will also be required to provide advanced notice of algorithmic changes – information that will be largely useless to industry minnows, but of huge benefit to larger players like News Corp which have the resources to process and act on that information.
46. Murdoch's News Corp and Nine Entertainment last year attempted to shut down the AAP Newswire which provides a backbone of factual reporting for almost all outlets nationwide, including the public broadcasters. Murdoch's objective is self-evidently to replace AAP with the new NCA Newswire, thereby seeding News Corp content across all of its smaller competitors (including the ABC) and further controlling the parameters of national debate. There is an overriding public interest in providing for AAP's survival, otherwise Murdoch's stranglehold on Australian media will be almost complete.
47. The Murdoch media will meanwhile continue to expand the digital footprint of Sky News, using it to further radicalise the Liberal Party base and increase its capacity to guide the party's preselections and leadership contests. The Liberal Party is now at risk of becoming a fully captured subsidiary of the Murdoch media.
48. Murdoch's template for Australia is plain for all to see in the United States. At first, Republican politicians were so intoxicated by Fox News as a ruthlessly partisan news outlet to whip up their supporters that they did not care if it radicalised the conservative base. Over time, however, these supporters were indoctrinated away from long-standing Republican Party values and into a culture of grievance, "all government is evil", ethnic tribalism, identity politics and the conspiratorial world of QAnon. The Republican Party has been hijacked - first by the Tea Party, then the Trump Party and now mob rule by those who

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<sup>11</sup> <https://www.smh.com.au/business/companies/real-estate-inhouse-brawl-in-stalemate-20140706-3bgis.html>

refuse to accept the outcome of a democratic presidential election process that has already been subject to multiple levels of official and judicial review.

49. Murdoch's Fox News has acted as a legitimising echo-chamber for this increasingly far-right, extremist worldview. Fox and its affiliates have been the turbocharging force for this movement over decades. So long as Murdoch continued to deliver the votes, most Republicans tolerated this lurch to the far right – whether it meant indulging claims about Barack Obama's secret Kenyan birth, or Hillary Clinton protecting pedophiles and ordering the murder of a staffer, or now widespread claims of election fraud. Now these supporters have invaded the US Capitol, resulting in five deaths.
50. At its core, it has delegitimised the twin pillars of the enlightenment: empirical fact and rational argument. The assault by Fox News on both as “fake news”, the culture that validates the world of “alternative facts” and the adulation of far-right “opinion” as somehow co-equal with (or superior to) scientifically established truths, all undermine the foundations of an informed citizenry in a functioning democracy. It also creates a political environment that is increasingly receptive to the world of fantasy, conspiracy, identity politics and extremist religious views no longer anchored in any common foundation of evidence and reason. The result is not just the creation of two warring political tribes based on different concepts of economic interests and social values, but two different conceptual worlds that can no longer communicate with each other because they no longer speak a common language. Murdoch's Fox News has been central to this process of dividing the way in which Americans talk with each other for nearly 30 years.
51. Most importantly, its net effect has been to delegitimise the democracy itself in the eyes of many Americans. It has created a radically divided country where the possibility of rational compromise has become progressively impossible between the warring tribes that Murdoch has sought successfully to create. This weakening of the American democracy, and the fracturing of the republic on which it rests, has dealt more damage to the global standing, influence and power of the United States than the combined efforts of the Russian Federation and the People's Republic of China.
52. This has been Murdoch's template for America, culminating in the political crisis of 6 January 2021. It's a template which Murdoch has believed would maximise his personal, business and ideological interests – by demonising the agency of government; undermining essential government regulation; and most importantly by minimising corporate and personal tax. Trump achieved all three. It's also Murdoch's vision for Australia.

## **Recommendation**

*A Royal Commission be established to ensure the strength, vitality and diversity of the Australian media across all platforms to underpin the long-term health of our democracy.*

53. Australia's democracy is at a crossroads. We can either continue letting our media landscape become more concentrated, more monopolised, more polarised and more susceptible to disinformation. Or we can chart a new course. I urge the latter.
54. This challenge to our democracy warrants a Royal Commission. Nothing short of that will deliver the change needed to protect our democracy. A fully empowered and resourced Royal Commission can review media regulatory systems around the world and derive whatever lessons are necessary. The Royal Commission should be undertaken in public, so that all Australians can see and hear the evidence as the commission learns it. If the Murdoch empire has nothing to fear from transparency, they should not fear a Royal Commission.
55. I make no specific recommendations regarding the future shape of the media regulatory environment. Those decisions should be taken with the benefit of a Royal Commission's findings.
56. The only exception is that the Parliament should immediately act to protect the ABC budget, which has been slashed by more than \$738 million since 2014. These funding cuts have often come as executive action, buried amid dozens of other announcements on budget night, with no prior public debate. I recommend Parliament legislate a minimal level of funding for the ABC with an appropriate level of in-built indexation so that funding rises each year. The government of the day would be allowed to add to this funding level as they see fit but, if they want to cut below this funding level, they should be required to legislate and therefore to obtain approval from the Senate.

News Corporation's Paul Kelly has already dismissed this particular inquiry as "tokenistic". That is remarkable coming from a man who has himself become Rupert Murdoch's token. By recommending a Royal Commission, you, the members of this Senate Inquiry, have the capacity to prove it is anything but that.