

TIM BURROWES

**MEDIA
UN
MADE**



**AUSTRALIAN MEDIA'S
MOST DISRUPTIVE DECADE**

Hardie Grant

BOOKS

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hardiegrantbooks.com

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Media Unmade

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PROLOGUE

In Sydney, it was the afternoon of Monday 6 December 2010. In Las Vegas it was still the weekend.

Antony Catalano was on a US holiday with his future third wife, Stefanie. They were taking a break after the busiest and most successful months in the Cat's career. Back on 28 April – with the backing of Victoria's biggest real estate agents, his redundancy payout from *The Age* and a loan from Stefanie – he'd launched *The Weekly Review* in Melbourne. The glossy magazine had instantly gobbled up half of the lucrative Victorian property ads of his former employer Fairfax Media. And now the fast-talking, business-obsessed, journo-turned-entrepreneur was developing a plan to take the rest.

The Cat and Stefanie were enjoying late-night cocktails in a poolside bar at the five-star Wynn casino. They were wrapped up snugly – the desert gets cold at night. It was the couple's first proper break since the launch. Although things were looking good for the young business, they hadn't completely pushed the boat out – they'd flown premium economy.

A few hours earlier, Catalano had read a news story on *The Age* website with interest. Brian McCarthy, the boss of Fairfax Media, was out. Catalano's old mentor Greg Hywood, who'd returned to Fairfax as a board director just a few weeks before, was the new acting CEO.

Catalano's mobile phone rang. It was Hywood. 'Well, well, well, this *is* a surprise,' Catalano told him.

Hywood came straight to the point: 'I'm calling to fix this fuck-up you've created for us in Victoria.'

THE HUNTERS AND THE PREY

Grant Blackley: CEO of Network Ten, until 2011; CEO of Southern Cross Austereo, 2015 onwards

Antony Catalano: Proprietor of *The Weekly Review*, 2010–2013; CEO of Domain, 2013–2018; Proprietor of Australian Community Media, 2019 onwards

Ciaran Davis: CEO of Australian Radio Network, 2010 onwards; CEO of APN News & Media/HT&E, 2015 onwards

Bruce Gordon: Proprietor of WIN Corporation; shareholder in Network Ten until 2017; ongoing shareholder in Prime Media and Nine Entertainment Co

Michelle Guthrie: MD of partner business solutions, then of agencies, at Google APAC, 2011–2016; MD of the ABC, 2016–2018

David Gyngell: CEO of Channel Nine/Nine Entertainment Co, until 2015

Jackie Henderson and Kyle Sandilands: Presenters of *The Kyle & Jackie O Show*, on 2Day FM, until 2013; and on Kiis FM, 2014 onwards

Rhys Holleran: CEO of Southern Cross Media, until 2011; CEO of Southern Cross Austereo, 2011–2015

Greg Hywood: CEO of Fairfax Media, 2010–2018

Chris Janz: CEO of Allure Media, until 2013; CEO of *HuffPost* Australia, 2015–2016; director of publishing innovation and MD of metro publishing at Fairfax Media, 2016–2018; MD of publishing, then chief digital and publishing officer at Nine, 2018 onwards

Hugh Marks: Board member, then CEO of Nine, 2013–2021

Michael Miller: Regional director – NSW, News Limited, 2012–2013; CEO, APN News & Media, 2013–2015; executive chairman, News Corp Australia, 2015 onwards

Lachlan Murdoch: Proprietor of DMG Radio/Nova Entertainment, 2009 onwards; shareholder of Network Ten, 2010–2017; board director, News Corp

Rupert Murdoch: Proprietor of News Corp; proprietor of 21st Century Fox, 2013–2019

James Packer: Shareholder in Foxtel and Fox Sports, until 2012; shareholder of Network Ten, 2010–2017

Mark Scott: MD of the ABC, 2006–2016

Mike Sneesby: Director of strategy and business development at NineMSN, until 2010; VP of IPTV at Intigral, 2010–2012; CEO of Cudo, 2012–2013; CEO of Stan, 2013–2021; CEO of Nine, 2021 onwards

Kerry Stokes: Proprietor of Seven Network/Seven West Media

James Warburton: Chief sales and digital officer at Seven Network, until 2011; CEO at Network Ten, 2012–2013; CEO of V8 Supercars, 2013–2017; CEO of APN Outdoor, 2018; CEO of Seven West Media, 2019 onwards

Kim Williams: CEO of Foxtel, until 2011; CEO of News Limited/News Corp, 2011–2013

Tim Worner: Director of programming and production of Seven Network, until 2011; CEO of Seven Network, 2011–2013; CEO of Seven West Media, 2013–2019

INTRODUCTION

YOU'RE GONNA MISS US WHEN WE'RE GONE

You might know how this story ends. But it's easy to forget how we got here as Australia's media navigated its most disruptive decade. This is a story of media people being dealt bad hands and playing them as well as they possibly could, and, occasionally, brilliantly. Sometimes they altered the fate of their organisations. Sometimes, despite their best efforts, it was already too late.

Nine nearly went broke, before emerging from the decade that began in 2010 as Australia's biggest media company. News Corp descended into civil war between its editors and its management before concluding that its future lay in the pockets of consumers more than advertisers. And Lachlan Murdoch took a winding path away from his father Rupert, with disaster at Network Ten and triumph at Nova Entertainment, before returning as heir apparent.

Catalysed by the mismanagement of the Bauer family, Australia's magazine industry collapsed in on itself. There was a sad sense of inevitability that three of Australia's most important newspaper mastheads – *The Age*, *The Sydney Morning Herald* and the *Australian Financial Review* – were on the print extinction timeline too, before they somehow figured out how to stop the clock. But there was to be no rescue of the local newspapers wiped out during Covid.

For supporters of public service broadcasting, there was the frustration of watching Mark Scott chisel out a lead for the ABC in the new digital world only to see it followed by the fumbblings of his successor Michelle Guthrie, before hostility from the Coalition government put Aunty on what seemed like a permanent back foot.

Digital disruption helped break the old media business model, as classified advertising leaked away. The weaponisation of social media helped break democracy. And Australia's regulators belatedly tried to confront Google's and Facebook's growing power as those tech giants took control

of the plumbing and economics of the entire digital publishing ecosystem. Then came the defining day in 2021 when Facebook deleted Australian news from its News Feed.

Media habits changed entirely. Phones got smart, the ads started following us around the web, and we began streaming our music and our TV shows.

A series of new online publishers such as *The Guardian*, *Junkee*, *The Conversation* and the *Daily Mail* found local niches, while others like *BuzzFeed*, *The Global Mail*, *The Punch* and *Huffington Post* struggled. New fortunes were made, thanks to bubbles like group buying and content marketing, and to emerging trends such as the second coming of outdoor advertising and the rise of social media influencers. The entrepreneurial Antony Catalano elbowed his way in as the decade's newest media mogul.

There was the shock of a silly prank call by two radio presenters leading to a suicide, and the beginning of 2Day FM's decline. And Australia's commercial radio landscape was remade when Kyle Sandilands and Jackie Henderson defected to new station Kiis FM.

It was a decade of unending rounds of redundancies for media workers, made all the worse when the Covid recession stopped the advertising market in its tracks and wiped out more than 1000 media jobs.

But what you may not know is *how* it all happened. I watched the change from up close. I once was a print journo – I'm old enough to have done my cadetship with a manual typewriter before, much later, being seduced by the world of blogging. I was close to the action, covering the beat for my media and marketing website *Mumbrella*, which I started with my colleague Martin Lane in 2008. A big part of our business model was based on organising conferences for people working in media and marketing to talk about how their world was changing. I was around when the media world had its moment of doubt and pain.

There was never a time when domain expertise would count for more. Whether it was Nine CEO David Gyngell's lifelong immersion in television, News Corp proprietor Rupert Murdoch's six decades of seeing around corners, or Greg Hywood's last-throw-of-the-dice rescue of Fairfax Media's newspaper publishing model, it took more than dumb luck to win. There was hubris and incompetence too, but not as much as you might think.

When an industry is growing, everybody looks clever. The people who ran media businesses in good times were feted. In decades gone by they were often simply lucky enough to be in the right place at the right time. For the winners back then, the prizes were huge. A monopolistic, profitable media

company was once a very profitable thing indeed. And we'll get to those rivers of gold soon enough.

It's much more difficult to do well when the trends are against you. And by 2010, the beginning of the decade when the disruption created by digital media became impossible to ignore, the cards had mostly been dealt. The iPhone was two years old. Free-to-air TV audiences would never be as big again. Newspaper sales had peaked. Magazine sales were already falling. Facebook had started selling targeted ads. The technological advances that had made media cheaper to produce than ever before were spawning an army of new competitors with ever lower cost bases. And the global financial crisis (GFC) had made sure that any media company that owed money – and lots of them did – was going to struggle to keep that debt under control.

The media industry is a high-stakes prize in itself. By 2010, advertising was worth an estimated \$13 billion a year in Australia and perhaps \$500 billion globally. But the *real* stakes were much bigger. The importance of the media's contribution to modern culture is impossible to summarise; media *is* culture.

For more than a century, the traditional media was how ideas spread. Through telling the news, the media defined moments in people's lives, big and small. Through journalists, the public learned of politics and pandemics. And, more prosaically, through the ads that accompanied their favourite shows they were persuaded to drive Holdens, advertise in the *Yellow Pages* and eat Four'n Twenty pies. For the first time in human history, most of the tribe were doing the same thing at the same time – watching TV after dinner. For five decades, the most culturally significant entertainment form was broadcast television.

Advertisements may have been what made newspapers so profitable, but it was journalism that coloured and strengthened the fabric of society. The rivers of gold flowed into oceans of information.

As important as the financial rewards and the cultural impact were, another prize attracted many proprietors: power. Those who own the media influence the politicians. It was just a question of whether they chose to exercise that power.

And this was the decade where the model broke. Everyone could see it coming, but nobody knew what to do about it, least of all those who were trying to cling on to what they already had. In 2009, technologist Clay Shirky warned about the consequences for newspaper journalism in a blog post that reverberated around the media world. It was written for an American audience, but Shirky's warning applied just as much to Australia.

‘Print media does much of society’s heavy journalistic lifting, from flooding the zone – covering every angle of a huge story – to the daily grind of attending the city council meeting, just in case. This coverage creates benefits even for people who aren’t newspaper readers, because the work of print journalists is used by everyone from politicians to district attorneys to talk radio hosts to bloggers. The newspaper people often note that newspapers benefit society as a whole. This is true, but irrelevant to the problem at hand; “You’re gonna miss us when we’re gone!” has never been much of a business model. So who covers all that news if some significant fraction of the currently employed newspaper people lose their jobs? I don’t know. Nobody knows.’

Everyone had a favourite quote to sum things up. As you’ll read, the favourite of ABC boss Mark Scott was from *The Leopard*: ‘If we want things to stay as they are, things will have to change.’ Tech commentator Scott Galloway’s came from Lenin and summed up the impact of Covid: ‘There are decades where nothing happens; and there are weeks where decades happen.’ There were more and more weeks like that. And on stage at the first Mumbrella360 conference in 2011, media strategist Chris Stephenson told the audience: ‘Change will never be this slow again.’ He was correct.

In Australia, things looked bleak. Two authoritative books – *Who Killed Channel 9?* by Gerald Stone and *Killing Fairfax* by Pamela Williams – captured the moments when Nine and Fairfax were at their lowest ebbs. Somebody had to figure out what to do next. Not just to save journalism, but for a far less altruistic reason: there was still money to be made in the media business.

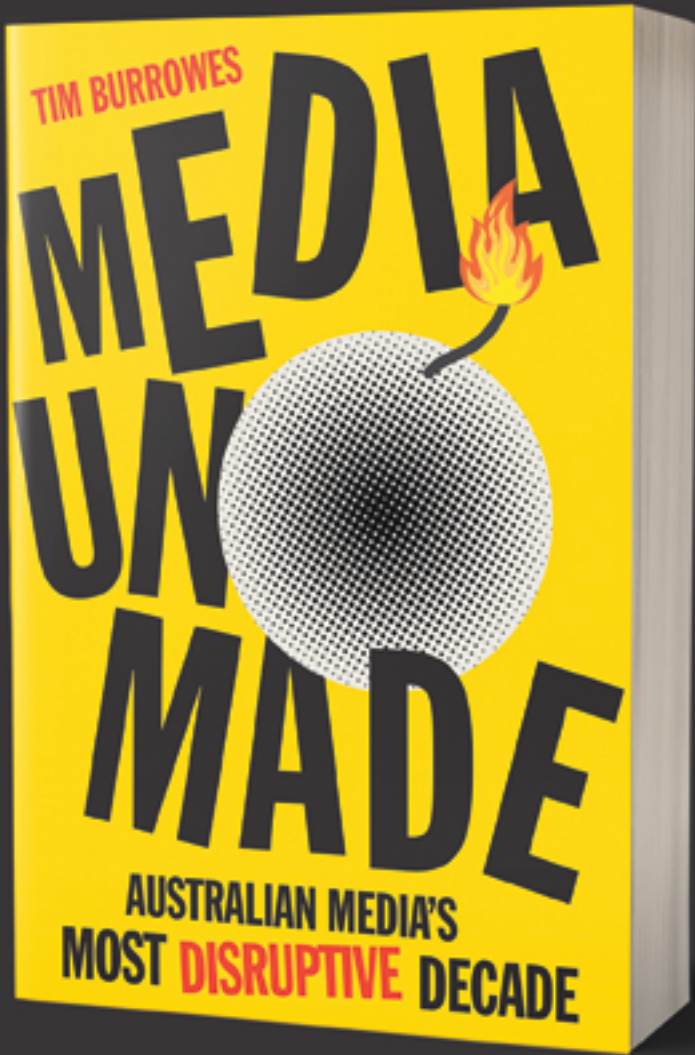
Smart leaders could play their hands as well as they could possibly be played, and still lose. What’s difficult to see from the outside are the other constraints these media executives faced: staff revolt, change-resistant boards, internal politics, growing debts or plain bad luck would have as much impact as the disruptive march of history.

Those factors meant that where Australia’s media ended up was not inevitable. A handful of individuals made big calls. The organisations that came through best were the ones whose thoughtful CEOs with deep domain expertise were backed by supportive boards, and given the time to develop and execute a new strategy. They had to completely unmake what had gone before. This is a human story too – even tough media company CEOs cry when they lose their jobs.

This was media unmade, and remade. This is the story of the people who found new futures for their media companies, and the ones who failed trying.

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