

THE CONVERSATION

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Media owners steer government away from reform in the public interest

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Mitch Fifield argues media diversity is under threat unless the government's bill is passed. AAP/Joel Carrett

The Turnbull government's media bill has been sent off to another Senate inquiry, despite protestations from the government and the industry over the need to pass it urgently.

Communications Minister Mitch Fifield's assessment is that if the government does not remove two media rules – one limiting national audience reach and the other limiting cross-media ownership – media diversity is under threat. But this inverts the reality. Mergers and acquisitions will generally mean less voice diversity – not more. A wave of these is likely to be triggered by removing these rules.

Fifield's deregulatory bluster aligns quite closely with standard News Corp messaging. He may claim to be "ownership agnostic", but the obvious outcome of removing restrictions on who can own what will inevitably mean industry consolidation. And Australia already has one of the most-concentrated media markets in the democratic world.

The takeaway from this sideshow is a profound sense that Australia is a media policy backwater. The time-honoured political and media-owner manoeuvrings are a substitute for smart, citizen-focused policymaking.

The nations that have most influenced Australia's media policymaking in the past – the US and the UK – have embraced the future of media diversity far more constructively.

Author



Tim Dwyer

Associate Professor, Department of Media and Communications, University of Sydney

US rule-making for media diversity

The US has had a process of structured media ownership reviews in place since 1996, known as the quadrennial media ownership reviews.

The two previous US reviews (2010 and 2014) have just concluded. Key ownership restrictions, including on cross-media ownership, are being left in place.

In its most recent “Report and Order”, the Federal Communications Commission (FCC) recognised the continuing importance of traditional media in local communities for viewpoint diversity, particularly for local news and public interest programming, and the rapidly changing ways content is accessed. It argued:

... the public interest is best served by retaining our existing rules, with some minor modifications.

Those modifications relate to measures to enhance innovation and viewpoint diversity, and public disclosure of agreements between media outlets about how content is shared.

Although the US media rules for diversity have been to some extent mired in judicial proceedings, they nonetheless have been relatively systematic and underpinned by generally sound public interest objectives.

This has all taken place in a media context of far greater ownership diversity than Australia’s.

The UK’s Ofcom

Meanwhile, and in a more innovative way that responds to changing media access and consumption, the main regulatory authority in the UK, Ofcom, has recently renovated its processes for assessing media pluralism.

Ofcom has been required to review the UK’s ownership rules at least every three years since 2003. The restrictions in place include:

- a rule limiting cross-media ownership of newspapers and TV at a national level;
- requirements for the appointment of a regional TV news (Channel 3) provider; and
- a rule for administering a public interest test in relation to mergers.

In its most recent statutory review, Ofcom concluded the rules needed to be retained to protect pluralism. But, it recognised that this would require ongoing reassessment if the importance of TV news and newspapers continues to decline.

In its new framework for assessing plurality in news and current affairs content, Ofcom has developed a range of quantitative and qualitative indicators. These are designed to assess the availability of

news sources, their consumption and their impact on users. It includes metrics for assessing the number of providers, reach, share of consumption, sources and the personal importance of a source.

The UK government, through Ofcom, has sensibly recognised that online news is increasingly important. A large proportion of people now access news only via Facebook. This pattern can be seen around the world, including in the US and Australia.

Taking this changing consumption into account in policy is even more important when we know these platforms are not neutral: their algorithms manipulate what news content people see.

Ofcom has also recommended new assessment mechanisms to take into account qualitative contextual factors. The proxies for impact include impartiality, trust, reliability and the final ability of a news sources to sway an opinion.

Ofcom has developed an innovative “share of references” to compare consumption of news across different platforms with different consumption measures. It is, in effect, a cross-media metric that looks at consumption in terms of who owns the news source.

Under this approach, online intermediaries – like search engines or social networks – are considered a separate category of growing importance when looking at media consumption metrics, where they may not necessarily be a producer of a news title or a separate brand.

Changing news consumption and sources

These kinds of aggregated metrics are necessary to allow regulatory agencies working in the public interest to track changes in patterns of news consumption and the diversity of available news sources.

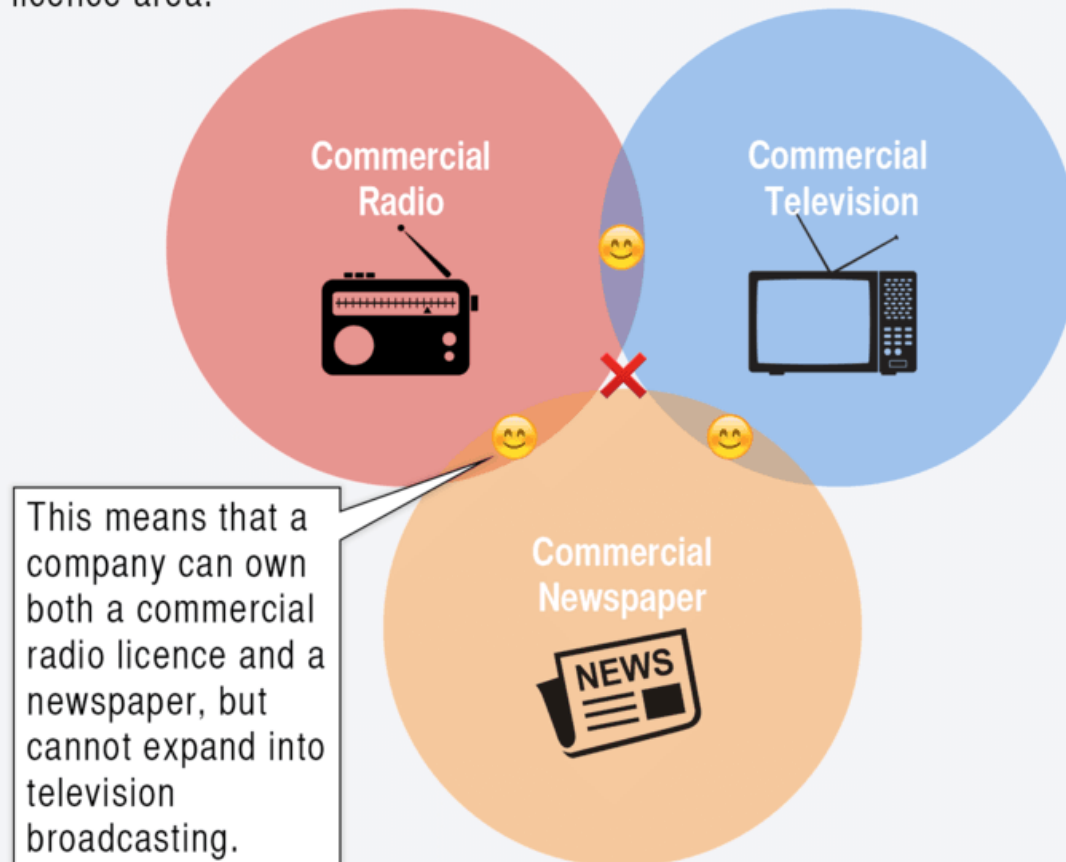
Responsible public policymaking obliges governments and their agencies to monitor these developments to gather the information to evaluate whether or not the current policy intent remains – and, if so, how to develop regulatory tools (including web traffic analysis software and news data analytics) to secure it.

The Turnbull government, however, is engaged in a process that is all about the sideshow – not forward-thinking media policy with the public interest in mind.

Current media ownership laws

The “two out of three” rule

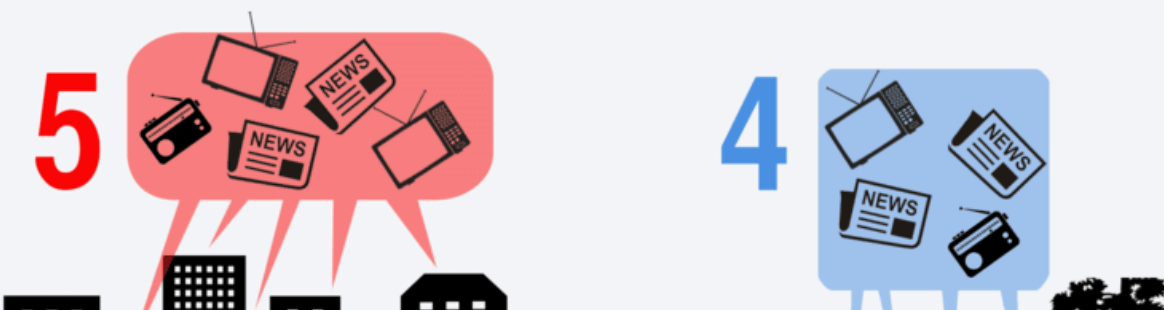
The “two out of three” rule means that no person or company can control more than two out of the three traditional media platforms — commercial television, radio or newspapers — within the same radio licence area.




The goal of this rule is to maintain competition and prevent mergers between existing players across the media spectrum, which could lead to the dominance of any one (or a small handful of) media proprietor.

The 5/4 voices test

The 5/4 voices test mandates that there must be at least five independent and separately controlled media operators in a commercial metropolitan radio licence area, and at least four in any regional licence area.

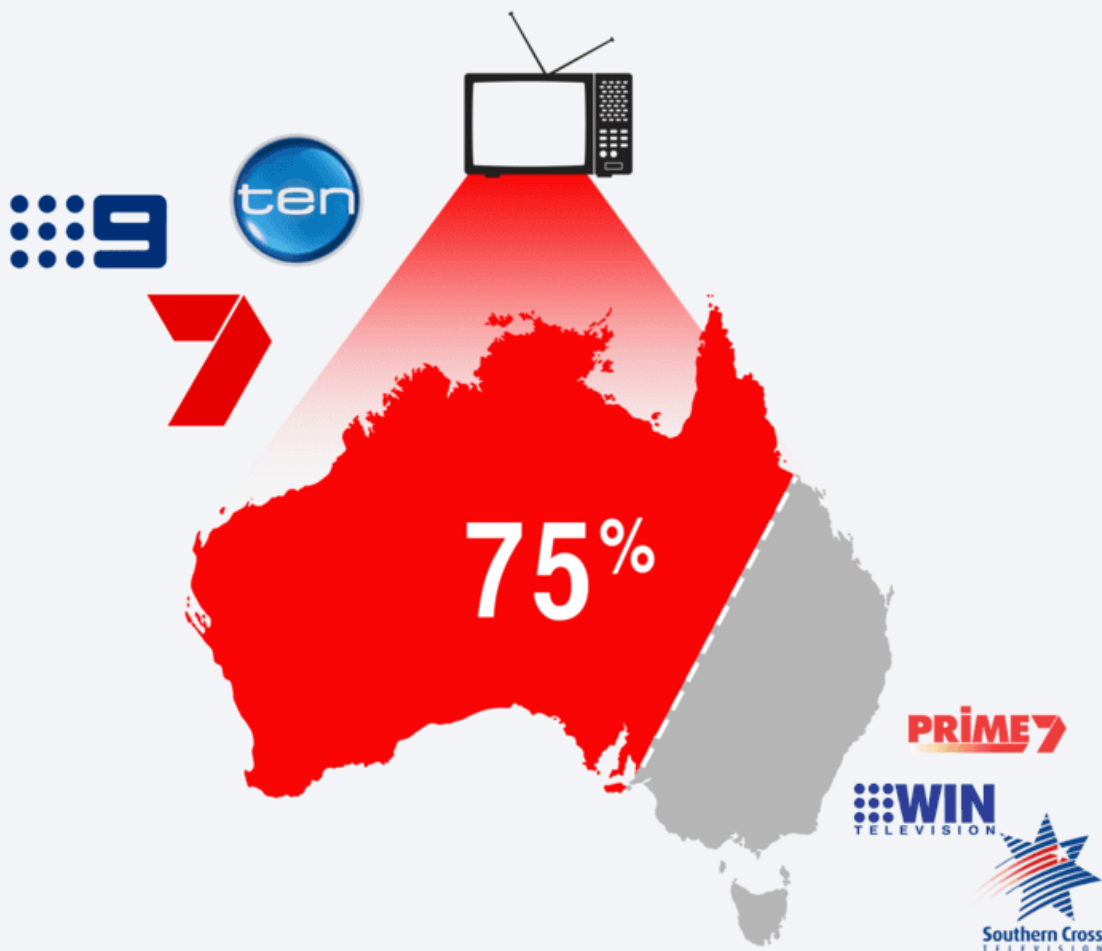




The objective of this rule is to ensure that there is a diversity of media voices in any one licence area, not just a diversity of media sources or channels.

The 75% reach rule

This rule specifies that a single person, or company, cannot be in control of commercial television broadcasting licences where the reach exceeds more than 75% of Australia's population.



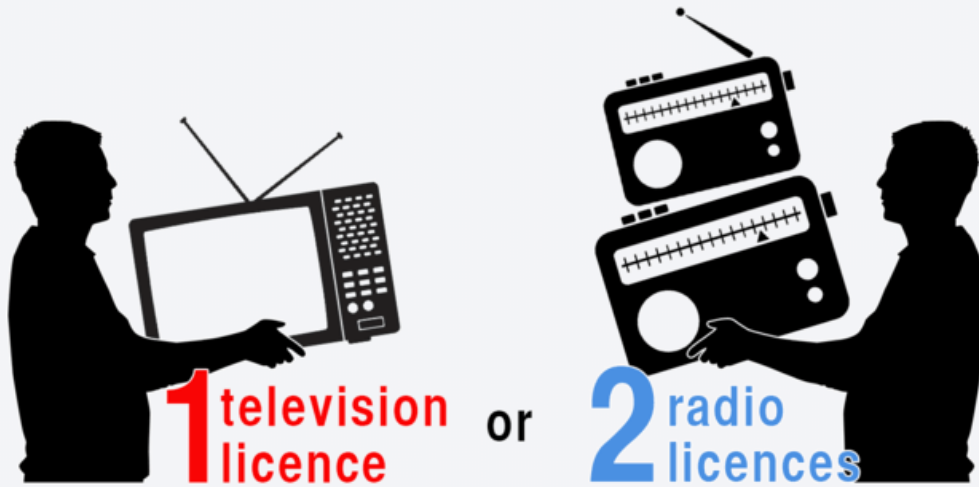
The effect of this is that television licences are broken up into metropolitan — Nine, Ten, Seven, etc — and regional television networks.

Most regional networks — like Prime or WIN — have agreements with metropolitan broadcasters for content, but are required by law to broadcast a minimum amount of local news and content.

One to a market/Two to a market rule

This rule specifies that no person or company can hold no more than:

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...in a licence area.

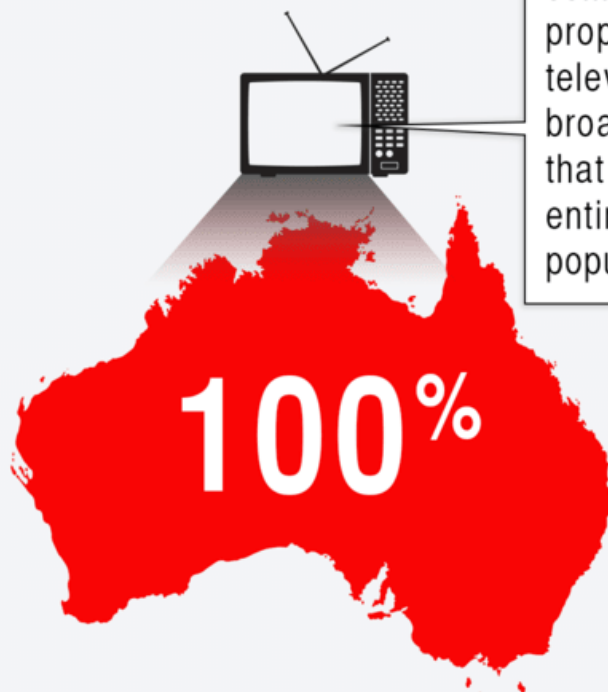
The reforms

The Turnbull government's announced reforms will scrap both the "two out of three" rule and the 75% reach rule, which will allow:

A single proprietor or company to own a newspaper, television and radio licences within a radio licence area...



And allow a single company or proprietor to control television broadcast licences that cover the entire Australian population.






This could lead to a considerable decline in the amount of content and news made for rural audiences, as well as a consolidation of existing media entities and a greater concentration of media ownership overall.

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