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Submission to the Inquiry of Media diversity in Australia

Senate Environment and Communications Committee

I welcome the opportunity to submit brief comments as an academic and commentator on political economy of communication and communications policy at the University of Sydney and City University London. I have been involved in policy analysis and research on issues concerning media concentration, journalism, regulation and media ownership for over a decade, mainly focusing on international analysis and comparative studies, with a specific expertise in European and UK media policy. Since 2011 I have been collaborating with the UK Media Reform Coalition (based at Goldsmiths College, University of London) and actively participated in the submissions to the UK Leveson Inquiry and the UK Communication Review 2013. I am the author of *Public Service Broadcasting Online* (2013), *Amazon: Understanding a Global Communication Giant* (2020), editor of the volumes *Beyond Wikileaks* (2013), *Carbon Capitalism and Communication* (2017), *Climate Change and the Media* (2018).

I will confine my comments to two crucial areas of the committee's remit: firstly, the

effect of media concentration on democracy in Australia; secondly the impact of significant changes to media business models since the advent of online news together with the impact of online global platforms such as Facebook, Google and Twitter on the media industry and news sharing in Australia.

The effect of media concentration on democracy in Australia

Introduction

The global pandemic has shown more than ever the vital role of healthy media institutions in providing information that the public can trust and in acting as interrogators of power.

Over the last 20 years, unchecked media concentration in a number of western countries has allowed some media groups to accumulate vast amounts of revenue and influence with negative consequences for the proper conduct of democracy. Despite the dominance of prevailing policy rhetoric around the importance of pluralism in global governance debates, policy actions from Europe to the US and Australia seemed to have favoured industrial standpoints to ownership over public interest and cultural approaches. As a consequence, since the '80s we can trace a common trait towards growing media consolidation and deregulation of ownership regimes (Barnett, 2009, 2010).

Today's media systems, in Australia, like around the world are the product of:

- Four decades of deregulation
- Liberalization/privatisation
- Technological take up (often used as an *faux rationale* to deregulate)

These factors together have led to a highly concentrated media market, fewer jobs in the sector, and fewer resources for public interest journalism.

Australia's increasing media concentration has been a matter of concern for policy makers since the first development of radio, when it witnessed the growing concentration of licenses by an handful of newspaper owners (Papandrea and Tiffen, 2016).

Without even considering the recent upheaval of the Australian media markets, with the takeover of Fairfax Media by Nine in 2018 and the planned closure of 100 local and regional newspapers (although owned by the same company, News Corp), the biggest study on media ownership and concentration in the world conducted by Eli Noam at Columbia University found that Australia has the most concentrated newspaper industry out of any country studied, with the exception of China and Egypt, which are not liberal democracies ((Papandrea and Tiffen, 2016). According to a 2020 *Guardian* analysis of data by Emma (Enhanced Media Statistics Australia) the top four companies in the newspaper market at present account for 92% of the total market, with a single organisation, News Corp, owning more than half the market at 52%.

Background

From the Council of Europe to UNESCO, from the UN to the OECD, principles of media diversity and pluralism have for decades characterized policy statements on media and democracy. One of the most comprehensive of such declarations was provided by the 2013 Report by The High Level Group on Media Freedom and Pluralism in Europe, established by the then European Commission Vice-President Neelie Kroes. This stated:

Democracy requires a well-informed, inclusive and pluralistic public sphere; the media are, to a large extent, the creators as well as the 'editors' of this public sphere. In this they become the holders of considerable power and may come to assume the status of a 'fourth estate' within society. At the same time, the public service aspect and democratic function of media can come under threat either through political

interference, undue commercial influence, or increasing social disinterest and indifference on the part of the general public (HLG, 2013).

The core idea comes from Edwin Baker, who succinctly summarized his “democratic distributing principle for communicative power’ by stating that the ‘basic standard for democracy would then be a very wide and fair dispersal of power and ubiquitous opportunities to present preferences, views, visions’ (Baker, 2007, p7). So the ideal shared by liberal democracies around the world, is that in order for citizens to actively participate in public discourse, it is crucial to guarantee dispersal of power and as many voices as possible. Excessive concentration of media ownership threatens media plurality as a vital pillar of a healthy democracy.

The Kroes Report offers also a detailed list of the threats to pluralism and democracy directly linked to media concentration that can be applied universally:

- 1) Excessive influence of media owners or advertising clients on politicians and government and the covert manipulation of political decisions in favour of hidden economic interests;
- 2) The concentration of ownership of commercial media and the influence this might have in the political space, whether concentration of ownership in the hands of ruling politicians, concentration of all media in a country within the hands of a single owner, or (especially dangerous in the case of small countries) concentration of all media in the hands of foreign owners;
- 3) The effect of media concentration and changing business models in reducing the quality of journalism (investigative or otherwise), restricting the degrees of editorial freedom and the erosion in the quality of working conditions and job security for journalists;
- 4) The lack of media ownership transparency and opacity of funding sources; and

- 5) The potential conflicts of interest arising from journalists' closeness to business interests.

The UK Leveson inquiry of 2012 following the *News of the World* phone hacking scandal offers one of the most striking examples to corroborate the points I made above, thanks to the vast materials collected in weeks of court proceedings and court evidence. The company at the heart of the scandals, News Corp, controlled at the time almost 30 per cent of the UK newspaper market. Such was its power, that the Leveson Report offers hundreds of examples of a political class completely deferential to the Murdoch empire. In the words of the then prime minister David Cameron, 'hand on heart, we all did a bit too much cosyng up to Rupert Murdoch' (Rogers & Sedghi, 2011).

We now have substantial evidence of how excessive concentration leads to excessive power, which can in turn lead to direct interference by media owners on policy making and media policy making. This was summed up by the former Tory Prime Minister John Major when he stated, 'In the run up to the 1997 general election in my third and last meeting with him [Rupert Murdoch] on 2 February 1997 he made it clear that he disliked my European policies which he wished me to change. If not, his papers could not and would not support the Conservative government' (Major, 2012).

The excessive power of media executives over political decision making and politicians often lead — as the Leveson Inquiry demonstrated — to a reduced sense of public responsibility by media institutions, and a reduced sense of the ethical role of these institutions in a given society. Who can check the guardians, when the guardians become too powerful?

The negative effects of media concentration on democracy can be summarised as follows:

- Reduced plurality of voices, views, visions

- Domination of markets by a small number of large media institutions, which outgrows the regulatory infrastructure,
- A narrowing of the distance between politicians and media executives resulting in disproportionate influence on public policy
- Diminished sense of public responsibility in media institutions
- Lack of media ownership transparency

Recommendations

- The introduction of a set of policy interventions to secure plurality of media ownership, in order to achieve a robust communication system where the commercial, public and community sector coexist;
- A requirement of transparency of media ownership and clear annual reporting from ACMA on the status of media markets with clear representations of market revenues, shares reach across the platforms;
- A transparency requirement for every politician to register and openly document every meeting with media executives and owners during their mandate.
- Incentives to encourage alternative models of media ownership such as cooperatives, that will remove the pressure of having to achieve large profit margins and guarantee more financial security for the journalists. This is particularly urgent at the local and community level, considering the withdrawal of commercial players from providing local news.
- The introduction of new tax rebate scheme and charitable status for news organisation producing public interest journalism. Direct press subsidies should be considered as an ongoing measure to support pluralism.

- Adoption of the recommendation of the ACCC Digital Inquiry to impose a levy on the Tech Giants that can return new funding opportunities for organisations producing public interest news. Funding will be then allocated to a diverse pool of organisations instead of the dominant media players in the field.
- A reversal of the drastic reduction of public funding to the ABC and SBS, as the remit of public service media is needed more than ever as a publicly accountable platform operating separately from the state and the market.

b) The impact of significant changes to media business models since the advent of online news and the rise of global Tech Giants:

Introduction

The report by the Select Committee of on Future of Public Interest Journalism (2018) and the Australian Competition and Consumer Commission (ACCC) Digital Platform Inquiry (2019) together paint a worrisome picture of the state of public interest journalism in Australia. The crisis is due to a combination of factors, in addition to media ownership concentration, including the difficulties for commercial news outlets to adjust their business models to the digital migration, the growing power of global digital platforms that have attracted more and more advertising revenue, and the continuous cuts to public service media (Brevini, 2013; 2020).

The Digital Platform Inquiry launched by The Australian Competition and Consumer Commission (ACCC) found that across Australia, 106 local and regional newspaper titles closed between 2008 and 2018, a 15% decrease in the total number. Approximately 3000–3200 journalism jobs were lost in Australia between 2012 and late-2017 (Select Committee, 2018, p.29).

Moreover, the ACCC found that from 2012 to 2018, the proportion of total Australian advertising spend allocated to online media has increased from 25 per cent to 53 per cent. Google is estimated to have accounted for 42 per cent of the online advertising spend in 2018, with Facebook accounting for 19 per cent .

The most discussed measure to address this public journalism crisis is currently the proposed Bill to impose a levy on aggregators, in particular on Google and Facebook, recently introduced to the Parliament. The Tech Giants will be encouraged to enter into negotiations with media companies over how much they will pay for access to journalism content.

With the Media Reform Coalition UK, I have argued for a levy on Tech Giants to support public interest journalism since 2011. However, the crucial policy question here is the way in which the funding collected from the tech giants will be distributed. Specifically, how can revenue from the Tech Giants be disbursed in a way that does not reinforce media concentration? For example, The UK 2019 Cairncross Review recommended the establishment of an Institute for Public Interest News (IPIN) which would distribute private and public finance to public interest, high quality journalism. .

Instead of each media institution negotiating with Tech Giants, a simple levy on the total advertising revenue of Facebook and Google could help establish a similar initiative that could address both the crisis of public journalism and the crisis of plurality.

It should also be mentioned that the significant reduction in advertising revenue to legacy media organisations, not only intensifies the move toward media concentration as a plurality of mastheads have closed but has also significantly reduced resources to produce quality journalism. Linked to the erosion of democratic freedoms, is also the adverse effect that media concentration caused by digitisation can have — as mentioned also by the European Commission — on the breadth and depth of journalism coverage. In a concentrated market, with its reduced competition, the few dominant players have less incentive to

safeguard the quality of their content, as they don't risk losing a share in the market. This is compounded by the reduced capacity of public interest media organisations to maintain an adequate journalism workforce.

The negative effects of the transition to digital platforms on journalism plurality and quality can be summarised as follows:

- Loss of advertising revenue to pay for quality independent journalism
- Loss of regional and local news organisations and mastheads
- Domination of news feeds by off-shore Tech Giants, currently without payment to Australian media organisations or journalists
- Loss of security in the journalism workforce, resulting in a less diverse coverage of news, and erosion of independent journalism due to precarity of conditions

Recommendations

- The development of a set of coordinated interventions and media policy reforms that defends and supports public interest journalism as a public good.
- The introduction of a set of policy interventions to secure plurality of media ownership, in order to achieve a robust communication system where the commercial, public and community sector coexist.
- The introduction of requirements to ensure transparency of media ownership, clear annual reporting from ACMA on the status of media markets, and clear representation of market revenue across the platforms.
- The development of alternative models of media ownership such as cooperatives in order to reduce the pressure to achieve large profit margins

- The development of a range of funding models that provide financial security for journalists. This is particularly urgent at the local and community level, considering the withdrawal of commercial players from providing local news.
- The implementation of a new tax rebate scheme and charitable status for news organisations producing public interest journalism. For example, direct press subsidies are used in several countries to sustain a diverse media ecosystem, such as the schemes currently operating in Denmark, France, Netherlands and Norway. These should be considered, not as an ad hoc mechanism (for example, the funds provided during the coronavirus crisis), but as an ongoing measure to support pluralism.
- Introduction of the recommendation of the ACCC Digital Inquiry to impose a levy on the Tech Giants in order to provide new funding opportunities, for example, to establish an institute along the lines of the Institute for Public Interest News.
- Legislative mechanisms to ensure the allocation of funds to a diverse pool of organisations and not merely to the dominant media players in the field.
- A reversal of the drastic reduction in public funding to the ABC and SBS. The remit of public service media as a publicly accountable platform operating separately from the state and the market with its specific cultural and social responsibilities is needed now more than ever.

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