



Media Reform Coalition

Submission to Department for Media, Culture and Sport Consultation on Media Ownership and Plurality

INTRODUCTION

The Media Reform Coalition was established in 2011 to consult and coordinate responses of various civil society groups to the Leveson Inquiry and the Communications Review, and to draw up policies designed to sustain the public interest and foster a more democratic media system. As such, media plurality has been a core concern from the outset and a key feature of our evidence and testimony submitted to the Leveson Inquiry. Since then, the Leveson Report has called for the development of a new system for both measuring and tackling media concentration of ownership (Leveson 2012: 1461-1476). It is a tacit acknowledgement that existing and preceding regimes have allowed some media groups to accumulate vast amounts of revenue and influence with adverse consequences for ethical journalism and democracy. One such consequence has been the development of intimate relationships between political and media elites in a way which, according to Lord Justice Leveson, 'has not been in the public interest' (2012: 1956). We believe that a new system of effective ownership thresholds and remedies applied both within and across media sectors is possible. Indeed, it is the only way to ensure that regulation of media plurality is fair, free of discretionary power vested in ministers, and impervious to capture by dominant media groups. It is clear that plurality concerns have not been offset by the promise of diversity associated with the spread of digital media. Online news consumption has been converging around traditional news brands for some time and testimony presented to the Leveson Inquiry demonstrated the enduring capacity of dominant media groups to pressure and influence the policy agenda in surreptitious ways. In conclusion, we need a new approach to plurality that recognises (but does not shy away from) the complexities in both measuring and remedying media concentration.

1. Do you agree that online should be included within the scope of any new measurement framework?

We are surprised that this question is included nearly two years after the previous secretary of state asked Ofcom to reflect on whether a framework for measuring plurality should include websites. Ofcom's response was clear: 'We recommend that the Government and Parliament give consideration to a redefinition of media enterprises or a to a new public interest consideration that would include relevant online organisations' (Ofcom 2012: 26). Given the fact that 80 per cent of UK households are online and that 32 per cent of adults turn to the internet for news (Ofcom 2013: 9), it would be particularly odd if online was not included within a measurement framework.

2. What type of content is relevant to media plurality?

We should start by emphasising principles and not exclude any genre or platform from considerations of plurality. There has long been a broad political consensus both in the UK and elsewhere concerning the principles of media plurality which are invoked in Ofcom's definition, i.e. that there should be 'a diversity of viewpoints available and consumed across and within media enterprises' (Ofcom 2012: 8) and that plurality policy should 'prevent any one media owner or voice having too much influence over public opinion and the political process/agenda' (2012: 8). If such principles are to be effectively upheld, we require remedies which will reverse as well as prevent further concentration of media ownership. The primary challenge in plurality policy therefore resides not in specifying the relevant genres or indeed endlessly defining the problem, but in designing and implementing both workable and effective solutions to the undermining of plurality.

3. Do you believe that scope should be limited to news and current affairs, or be widened to consider a wider cultural context?

Plurality policy should also acknowledge the importance to democracy attached to wider cultural diversity, and indeed the increasingly blurred boundaries of news and current affairs genres in a converged media environment. However, because of the salience of news and current affairs in holding power to account, fostering an informed citizenry and creating the conditions for public action, we believe that plurality policy should focus above all on the provision of news and current affairs. This is reflected in our proposals which target the reach of news providers specifically within key news sectors, and overall media market dominance at the cross sector level in order to consider plurality beyond news and current affairs.

4. If so, how might a wider context be defined?

N/A

5. What sorts of organisations and services are relevant to media plurality?

As noted above, plurality needs to be seen as a feature of the entire communications environment and therefore plurality policies are relevant to all publishers, broadcasters, intermediaries and ISPs who may constrain the diversity of viewpoints or exert an unacceptable level of influence over public opinion. A truly effective policy on plurality must address both the ownership and funding of media, specifically of news in the public interest, as emphasised in the House of Lords Communications Committee's report on the Future of Investigative Journalism (2011). Like the problem of media ownership, the need for policy to address the funding crisis in journalism is a point of broad consensus among journalists, editors and campaigners.

Outside the UK, there is both well-established precedent and a wind of change blowing across Europe in favour of new methods of funding for journalism beyond the state-corporate framework in order to secure increased pluralism. One pertinent example is Google's recent announcement that it has agreed to create a 'digital fund' to the tune of

£50million to support French publishers and new digital news initiatives. The move was in effect a settlement following several years of lobbying by publishers and murmurings by legislators. This threatened to force Google to 'pay' for the content it appropriates from news providers in its search listings. Such arguments were given added force by the fact that Google itself is effectively afforded a huge public subsidy by virtue of the tax loopholes it exploits. According to one analysis, Google pays less than 3 percent of the tax it would have to pay if these loopholes were closed (Filloux 2013). Google is also the prime beneficiary of digital migration by newspaper advertisers, a process which has fatally undermined the models that have traditionally paid for both local and investigative journalism.

In principle, the idea that Google should contribute to supporting those areas of public interest journalism increasingly under-served by the market need not threaten the free flow of information online, nor amount to a form of state-sanctioned protection for 'old' media revenues. It reflects rather a longstanding tradition in European democracies of cross-subsidising journalism in favour of its 'merit good' attributes in which both consumers and producers tend to under-invest. From the creation of Channel 4 to the licensing of local TV stations, this principle has been invoked in UK media policy for several generations and it is the sole reason why a newspaper such as the *Times* has survived for as long as it has.

6. Do you believe that scope should be limited to publishers or include services that affect discoverability and accessibility?

Although content intermediaries like Google provide a substantively different kind of service than that of newspapers, they are in direct competition for advertisers and eyeballs and both, to some extent, hold gatekeeping power over the supply of information. But there is clearly something distinct about companies that exercise editorial control over original news content in respect of their role in informing citizens and holding powerful interests to account. The top online news sources tend to be traditional news brands like the BBC, Daily Mail, News UK, Telegraph Media, and the Guardian and, for this reason, ownership limits within sectors should focus exclusively on news and current affairs providers at the wholesale level. This provides the second reason why combining sub-sector with cross media limits can produce a holistic system that deals with the substance of plurality concerns.

7. Do you agree that the BBC's impact on plurality should be assessed as part of a plurality review?

Ofcom also considered this last year and concluded that, while the BBC ought to be included in any review as a mark of its influence, 'there is no separate need for the BBC's position itself to trigger a review' (Ofcom 2012: 42). Given that the BBC is the largest single provider of news and current affairs in the UK and since plurality is first and foremost about the number of media 'voices', it makes sense for the BBC to be included in any measure of market concentration. The BBC is, however, clearly distinct from commercial media organisations to the extent that it's funding is subject to political oversight, it is accountable to an independently structured regulator and it is mandated to ensure internal plurality and impartiality in news-related programming. Nevertheless, there are legitimate concerns in relation to both the BBC's independence and accountability, particularly in respect of news and current affairs. A plurality policy might justifiably include specific reform of the BBC's

governance aimed at a) strengthening the BBC management's independence from government and b) strengthening the BBC Trust's independence from management. Such measures are consistent with the principle that those who hold the purse strings (whether government or private owners) should not also influence output in dominant news media groups.

The BBC, in other words, could well be included in any assessments of media plurality as a whole but it should not be subject to forms of intervention designed to unblock concentrations of *commercial* media power. This is a particularly crucial point as there appears to be a real danger that any plurality review will deliberately focus on the BBC as a result of extensive lobbying by its rivals who have long complained about the BBC's extensive reach and popularity. For example, the *Daily Mail* (30 July 2013) reacted to the announcement of this ownership review by arguing that the 'BBC could be curbed under government plans to rein dominance of media giants' while the *Sun* (30 July 2013) described the review as a 'Probe into BBC share of news coverage'. Both stories conveniently ignore the fact that the Corporation is already subject to systems of regulation designed to stimulate internal pluralism and balance.

8. Are there specific factors that you think a measurement framework needs to capture in order to provide a picture of plurality in local communities?

There is a serious problem with news plurality in many local communities despite the important contribution of hyperlocal blogs. A forthcoming report produced by the Media Reform Coalition shows that a single local newspaper commands over 50 per cent of the market in two-thirds of Local Government Areas and that over half of this group have 100 per cent monopolies. A quarter of LGAs have no local newspaper at all (MRC 2013b).

In light of this, the most effective means of regulating local newspaper ownership may be to introduce a cross-market cap combined with a series of subsidiary policies aimed at promoting local plurality including a ban on local media owners standing for local elections; a system of cross-subsidies to support entry-level journalism jobs and cooperative and non-traditional news start-ups; legislative amendments to enable local newspapers to apply for charitable status; and measures to enable local communities to take over titles or brands disposed of by multiples.

At the local level, there are several examples of digital initiatives such as the *Caerphilly Observer* which has established itself in an area not served by a local newspaper and recently announced commencement of a print edition supplement. The *West Highlands Free Press* and the *Camden New Journal* are examples of local news providers that have succeeded as independent, co-operatively owned outfits in radically different markets. These initiatives need to be supported by public interventions as described above in order that there may be a more secure basis for pluralism in local communities.

9. Do you agree that a measurement framework should also seek to assess the plurality of media serving other audiences or communities of interest? If so, which ones?

Ofcom's latest research on news consumption underlines the enduring differences between platform take-up among different demographic groups (Ofcom 2013). This is another reason

why plurality policy must address concentrations within, as well as across sectors. Measuring and promoting plurality across sectors means very little for the substantial proportion of the population who continue to rely exclusively on one medium for their news consumption. Only a policy that is tailored to address concentrations in each of television, radio, print and online markets can properly ensure that all audiences and demographics are exposed to a diverse range of viewpoints.

CONCLUSION

We are disappointed that the government has separated out how best to tackle plurality from the wider issues affecting the communications environment that were raised in the DCMS strategy document, *Connectivity, Content and Consumers*. Any meaningful consideration of ownership issues ought to be part and parcel of the government's overall approach to the communications landscape. We are also disappointed that some two years after Ofcom produced its substantial report on ways to measure media plurality (as requested by the secretary of state) and eight months after Lords Justice Leveson's report invited the government to consider how to measure plurality but also to consider what kind of remedies are needed to tackle media plurality, we have a consultation document that focuses on the former to the total exclusion of the latter. We believe that there are already reliable and established measurements of audience share covering each of the main sectors for news and information (radio, television, newspapers and online) and that this consultation has been limited unnecessarily to a consideration of metrics as opposed to remedies.

We also believe that concentration within some news and information markets has reached endemic levels in the UK. This is particularly the case within the local, regional and national press. Some argue that given structural decline facing the newspaper industries, high levels of concentration may be necessary or less threatening to plurality concerns. But such arguments do not, for instance, take account of the fact that much of the television agenda is still heavily influenced by the press; and much of the press themselves have established a dominant presence online (thanks in no small part to traffic generated by online intermediaries).

The existing plurality regime under the Public Interest Test is unfit for purpose. Urgent reform is needed in order to both redress endemic concentration in particular news markets (such as the press), and protect against further concentration in others (such as online news and the total cross-media market as defined by Enders). Appropriate methods for measuring and monitoring plurality exist for all of the key sectors and a range of remedies have been proposed by the Media Reform Coalition and other civil society groups. In light of the failings inherent in the existing plurality regime (and which were exposed in the Leveson Inquiry), reform should be guided by the principle of minimising discretionary power in the hands of both the regulator and ministers. This points to the need for media ownership limits both within and across sectors to be enshrined in statute, along with associated remedies.

In order to stimulate media plurality we will need not simply measurements but *remedies*, for example, ownership thresholds, market caps and public interest obligations, that will finally start to challenge the grip on British political and media culture of a handful of very

powerful moguls. We would be more than happy to share our proposals (MRC 2013a) with the Department.

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