



# RESEARCH NOTE

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## The 'Share of Voice' Approach to Cross-Media Ownership Control

In May 1995 the UK Government published its Green Paper on Media Ownership. This was intended to provide a more flexible basis for media ownership regulation in order to accommodate commercial and technological change. As part of this, the Green Paper foreshadowed a new approach to the regulation of cross-media ownership. This approach involved the following steps:

- definition of media markets (ie.national, regional or local) and the measurement of their overall size in terms of audience or revenue share for all three major media sectors (ie.the press, radio and television);
- a common expression of the value of these shares for each sector (with possible weightings for each sector based on their relative influence or market power);
- determination of the thresholds of ownership (in terms of the total 'share of voice') for markets beyond which acquisitions would have to be referred to the media regulator.

The Green Paper did not present final details of the scheme as it recognised that there was significant work to be done in methods of measurement of shares and weightings. It proposed thresholds of 10% for the national market, and 20%

for regional and sectoral markets.

The Green Paper's approach was largely derived from a submission by the British Media Industry Group (BMIG) which advocated using consumer usage of media to calculate the share of voice. Thus for a particular market one would use newspaper circulation, with TV and radio ratings, to determine the total 'share of voice' of any one proprietor. Where ownership of a media outlet was shared between companies or proprietors, then the 'share of voice' would be allotted in proportion to the percentage of ownership.

Professor David Flint (Chairman of the Australian Press Council) has supported the BMIG approach and has made some tentative calculations of the 'share of voice' for Australian media markets. For the national market the results were as follows:

### National 'Share of Voice' 1994\*

Murdoch	19.81%
Packer	9.17%
Black	1.55%

\*It has been assumed that the latest available statistics were used, as Professor Flint did not date his sources.

On 15 December 1995 the UK Government published its Broadcasting Bill. The Bill did not contain a mechanism for

regulating total media ownership (as proposed in the Green Paper) and the National Heritage Secretary conceded that there was little agreement on such a concept and that the proposals had been effectively dropped. Instead, the Bill contained amendments to media ownership rules to allow greater cross-holdings between newspapers, television and radio companies, subject to public interest criteria being satisfied. These are described in the Bill as including the promotion of a plurality of ownership and diversity of sources of information, as well as economic benefits (employment, export income) and the proper operation of markets. It is left to the regulator to assess the possibly competing claims of these social and economic objectives.

In February 1996 the House of Lords rejected the Bill on the basis of a different issue: the exclusive coverage of sporting events by subscription television.

Although the 'share of voice' approach to cross-media regulation appears to have been abandoned by the British Government, it is likely to be considered by the inquiry into media ownership planned by the Australian Government. Such a consideration would have to deal with a number of difficult issues, namely:

- whether to give different weightings to the various media sectors. The BMIG submission argued that radio should be discounted by 50% because of the predominance of music formats. However, in Australia the popularity of 'talk-back' radio means that the medium probably has a more extensive coverage of public issues than TV.
- what published material to count in the 'share of voice'. While capital city and regional daily newspapers are obvious inclusions, the position of suburban, Sunday and ethnic newspapers (as well as magazines) is more problematic. A system which accorded more influence to a regional daily than to magazines such as the *Bulletin* or *Womens Weekly* could be regarded as suspect. The inclusion of magazines and suburban newspapers would be a sensitive issue because of the predominance of Murdoch and Packer in these areas. In February 1996 Packer controlled 47% and Murdoch 26% of major magazine circulation, while in suburban newspapers Murdoch controlled 49% of circulation.
- the definition of markets. Professor Flint's analysis referred to national and State media markets, but these are notional rather than actual markets, which in Australia are metropolitan and regional in nature.
- a system based on circulation and ratings could have the effect of discouraging excellence and best practice. A proprietor could be in the position where providing what the public wants, and thus increasing circulation or ratings, leads to a penalty.

- should the public broadcasters, the ABC and SBS, be included in the calculation of the 'share of voice'. To do so would have the effect of diluting the 'share' of the major proprietors.
- the trigger mechanism. Should a breach require a reduction in audience share or divestiture of assets? In the system proposed by the Green Paper a great deal of discretion was left to the regulator. This may not be regarded as appropriate in the Australian situation.
- at what percentage should the thresholds be set? The UK Green Paper 'share of voice' thresholds of 10% for the national market and 20% for regional markets would be exceeded by Murdoch in Australia. It should also be noted that in the UK system the overall 'share of voice' threshold did not replace, but was in addition to, the individual thresholds on radio, TV and newspaper ownership. The Green Paper's 20% sectoral threshold would also be breached in Australia.
- should the calculation of 'share of voice' require a definition of control, or simply be proportional to ownership shares?

It has been argued that the 'share of voice' approach is required because of technological developments. In fact, it fails to deal with the convergence of broadcasting, computing and telephony into 'broadband services', but simply measures the traditional media in a different way.

The regulation of media ownership, over and above the ge-

neric competition regulation expressed in the Trade Practices Act, is undertaken for social rather than economic objectives. It is generally considered that the effective functioning of a democracy requires a diversity of sources of information. However, a system based on circulation and ratings measures the popularity of given sources, rather than the availability of a wide range of views. It would be more accurate to describe such a system as designed to prevent the acquisition of excessive influence by any one proprietor, rather than as one aimed at ensuring a diversity of views.

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