

Friends of Fairfax* submission

Media industries are barely competitive in the economic sense of the term. The giants do compete ferociously, but they do so under the rules of oligopolistic markets, meaning they have far greater control over their fate than those in truly competitive markets. It also means that it is extremely difficult, if not impossible, for newcomers to enter these markets as viable players.

By most theories of liberal democracy, such a concentration of media power into so few hands is disastrous for the free marketplace of ideas, the bedrock upon which informed self-government rests. The key to making markets work in the consumers' interest is that they be open to newcomers, but the present conglomerate-dominated markets are not even remotely competitive in the traditional sense of the term.

Robert W. McChesney is the author of seven books, including Rich Media, Poor Democracy: Communication Politics in Dubious Times (New Press, 2000). He is also a Professor of Communication at the University of Illinois at Urbana-Champaign and co-editor of Monthly Review.

Purpose of media regulation: The main concern of any government should be to create an environment where new media can flourish alongside the established media. Any legislation must meet a simple test: does it increase diversity

The proposed media legislation fails this test. The only outcome will be a further concentration of media into the hands of perhaps two large media companies who will suck the oxygen out of the market and make it difficult for new players to break in.

The only beneficiary of the proposed changes would be the free to air networks which are again a protected species

Media regulation has for too long been mogul specific instead of outcome specific. Government regulation should only be aimed at creating a landscape that will allow media to flourish. This can be done by upgrading the broadband network, keeping existing cross media rules and dropping the protectionist legislation surrounding the free to air networks which they have enjoyed for the past 50 years.

The Media is changing; newspapers are changing to accommodate new media, increased online traffic competition from overseas news sites and blogs. The proposed amendments are trapped in a time warp and demonstrate a lack of understanding of how quickly the media is changing. Attempts to hold back change through failing to upgrade the broadband network, which will act like a cyber tariff, to allowing the diminution of diversity in Australia will benefit only the moguls and be detrimental to consumers.

Cross media rules: The existing cross media rules have been useful in ensuring that media diversity (already very low in Australia) is protected. They have done nothing to inhibit the growth of new media via the internet for example. The inhibition here is in the allocation of spectrum and the failure to have a world class broadband network.

Their abolition would however inhibit that growth. Allowing newspapers and television stations to merge would see the growth of probably two huge media conglomerates with the ability to stifle new media.

Maintaining the current rules along with the lifting of foreign ownership requirements along with an allocation of digital spectrum to print media companies would reinvigorate the media landscape.

Foreign ownership : Foreign ownership regulations have created a closed shop and have been used to quarantine local media players from overseas competition They have kept the value of media stocks down . A lifting of foreign ownership regulations while at the same time keeping cross media regulations would open up the market and make the participation of large overseas media companies more likely.

This would increase diversity.

Digital spectrum The digital spectrum has opened up many possibilities for print media companies to expand their operations and this should be allowed to flourish. The decision by the government to allow free to air networks back into the market for digital spectrum is ill considered and only reinforces the view that the changes to media regulation have been written to satisfy the free to air television networks and protect their outdated business models from competition.

By contrast, newspapers are every day competing with new media .Their business models are being tested and they are having to find new ways to survive without the benefit of Government protection.

Changes to media rules should be aimed at creating a level playing field.

The only way the free to air networks could be able to be in the digital auction is if the government puts their free to air licences up for auction at the same time. Anyone who wants to open a free to air television network or a digital network or a newspaper online digital network should be allowed to do so. The only interest the government should have is in making sure spectrum is available.

Broadband:

The biggest inhibitor to the growth of new media in Australia is the lack of progress on a genuinely fast broadband network The speed of even the extreme networks is far below the world standard. For example the highest that can be achieved in Australia is 24mbit/s using ADSL2+ compared that to Sweden which has a speed of 100mbit/s It's not just the speed though, it's about cost too. Swedes pay around around \$20 a month for completely unmet red 100mbit/s cable, compared with \$70 a month for ADSL2+ at 24mbit/s with a 40GB limit in Australia.

.The lack of a fast broadband network will make the delivery of new media less attractive and will be like an old fashioned tariff wall. Any consideration of changes

to the media must include a commitment to upgrading the broadband network to bring it up to first world standards for all Australians.

What is print what is television .

The legislation does nothing to address the merging of information delivery systems and their regulation. At the moment the Press Council deals with hard copy or printed words while AMCA looks after the television and radio spectrum But the blurring of roles is becoming apparent. On smh.com.au for instance there is video and voice feeds Blogs often appear only on the net. Newspapers increasingly want to use streaming but who regulates these if there is a complaint?

At the moment the print version is dealt with by the Press Council an industry self regulation body which has no legal powers and indeed seeks legal waivers from complainants before they proceed to an adjudication. By contrast complaints about news reporting on television are dealt with by ACMA which has no such waivers and complaints can become bogged down in legalese.

The reason for this is that a free to air networks are licensed . The Friends of Fairfax is concerned that with the blurring of roles some system of licensing newspapers could be contemplated especially if the regulations allow the newspapers and television networks to be owned by the one group.

. Government regulation of journalism is anathema to a free society. Friends of Fairfax is opposed to any form of licensing and indeed would like to see all forms of news regulation taken away from a statutory government body and handed to one at arm's length from Government.

**Friends of Fairfax was formed in the early 1990s when the company was in receivership and a number of bidders emerged.*

It is a collection of employees and interested outsiders. The aim of the group is to encourage the diversity of the media. It does not hold views on who should be an owner whether they be Australian foreign. The only test that is applied when a bid is made for Fairfax is a simple one Will it increase diversity in the media. If it will not then the Friends of Fairfax will work to defeat the bid.

Alan Kennedy