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Regime change

The usual political fault lines are at play in the media following the demise of the Abbott *ancien régime*. But a new twist surfaced in what some were calling a 'civil war' at the house of Murdoch (Seccombe, 'Civil war at News Corp', *The Saturday Paper*, 26 September-2 October 2015). The rightwing fruitcakes like Bolt over at News, were apparently going into meltdown now that moneybags Malcolm had moved into the Lodge and were appalled that these sentiments were not being churned out everywhere in the news factory. From Bolt's perspective (as seen in full tilt on Ten's *The Bolt Report*), it appears that the folks over at News' loss leader *The Australian* were too accepting of the regime change. Chris Mitchell, (now former) Editor-In-Chief of the Oz, responded in these terms: 'Bolt's audience includes many conservative retirees, whereas *The Australian's* readership is younger, rich, better educated and working in the legal, political or business community. These people don't read the *Tele* or Bolt'. The new *esprit de corps*?

But there's continuity at News despite Mitchell's exit, as reported *The Guardian* <http://www.theguardian.com/commentisfree/2015/dec/07/ideology-runs-rampant-at-rupert-murdochs-australian-newspaper> (McKell, 'Ideology Runs Rampant at Rupert Murdoch's Australian newspaper', 7 December 2015). Describing life at the Oz while he was chief features subeditor, McKell observes an:

“ ... unwavering, often knee-jerk conservative ideology that the Oz trumpets so readily'... [From the noughties] [t]he paper began to act more like a propaganda sheet for the rightwing of the Liberal Party than a broad-based sounding board for big ideas and public policy. This period roughly coincided with Mitchell's ascendancy as editor-in-chief. ”

So it seems that little has actually changed with Turnbull's arrival at the Lodge, and a new editor-in-chief, former *Tele* editor, Paul Whittaker at *The Australian*, judging by McKell's assessment of the implications for journalism:

“ Less well scrutinised is the impact of groupthink on the profession of journalism within Fortress News. When dissent is marginalised and self-censorship is an unquestioned norm, the newsroom culture becomes self-serving. ”

What's trending?

The latest ACMA Communications Report (<http://www.acma.gov.au/theACMA/Library/Corporate-library/Corporate-publications/communications-report-2014-15>) shows that Australians are using and consuming media communications in ever changing ways. These include:

- At May 2015, 13.41 million people used a smartphone, up from 12.07 million at May 2014.
- 79 percent of online adults used the internet over their mobile phones at May 2015.
- The volume of data downloaded via mobile handset increased by 85 per cent from the quarter to June 2014 to the quarter to June 2015.
- 77 percent of online Australians banked or paid a bill online, 72 percent used social networking and 71 per cent accessed government websites.

But that's just mobiles and the net – the Media Release announcing the Report also notes that:

“ ... traditional free-to-air and subscription television continues to dominate Australians' content viewing, but this year 34 percent of Australian adults also watched online television or online professionally-produced video content in a given week (<http://www.acma.gov.au/theACMA/Library/researchacma/Research-reports/australians-are-going-over-the-top>). ”

Despite this continuity for viewing, the takeaway from the media release is:

“ OTT service expansion continues apace, with the continued take-up of OTT communications services—such as Skype, Facebook Messenger and Facetime –compounded by the popularity of OTT content services, as seen with the recent launch of streaming services Netflix Australia, Stan and Presto. ”

Turnbull, the 'innovation PM' and former Communications Minister is of course completely in sync with this kind of rhetoric – providing that it doesn't damage him electorally – and every time he opens his mouth he's now ka-chinging 'innovation' and 'agility' for 'entrepreneurial businesses'.

So it's this context of changing delivery and consumption practices which both fuels and explains the relentless pressure for media industry deregulation, as previously safe advertising revenue is challenged by the rise of new digital platforms.

Free-To-Air maneuverings

It's widely reported that the Federal Cabinet will finally consider proposals by Communications Minister Mitch Fifield to repeal media diversity rules ('two-out-of-three' and '75% reach') before Xmas (White, 'WIN mulls slashing local news', *SMH Business Day*, 7 December). So that pushes the legislation out to the first half of 2016.

All FTA stakeholders are not happy though, and there's a rift between the metros and the regionals (and between News Corp, Seven West Media). The horse-trading is around regional licensee's obligations to broadcast 'material of local significance' (*aka*, local content) and less popular sports on the anti-siphoning list, that Murdoch's Foxtel have been lobbying about forever. Sport is electoral dynamite, and that's the problem for News Corp and the government.

WIN Corporation is reported to be looking at cutting its local news services because of increases being demanded under its programming affiliation agreement (from 39% up to 55% of ad revenue) with Nine Entertainment Co. (White, 'WIN mulls slashing local news', *SMH Business Day*, 7 December). The implication of the rule changes is that mergers with regional TV affiliates (WIN, Prime, Southern Cross) will lead to cuts in local news programming (and therefore staffing). A Nine and Southern Cross marriage has been mooted for some time.

But increasingly FTA and linear delivery (even though they all have catch-up services) is being pitted against the new offshore digital intermediaries, like Netflix, Google (YouTube) and Facebook, and this is giving these traditional media players more of a 'united' focus.

FTA's alternative strategy faced with the erosion in linear viewing seems to be one of selling out of the local market altogether. It's been reported that Nine Entertainment Co, following in the recent steps of Ten Network Holdings of talking with US media suitors, has been in sale conversations in New York with Comcast, Sony, Time Warner and Viacom (White, 'Nine tests interest of big media', *SMH, Business Day*, 23 November).

The interest in Ten Network Holdings from US giant Discovery Networks fell away, and in October, the ACCC approved of a 15% equity investment by Foxtel (50% owned by News Corporation), having already been cleared

of any potential breaches of ownership and control rules from the ACMA's perspective (despite Lachlan Murdoch's non-executive chairman role at News Corp, his investment in Ten and his ownership of the Nova FM commercial radio network licences). In July this year Fairfax Media's CEO Greg Hywood noted: 'News Corp and its family interests have woven together a mix of their publishing assets, their interests in Ten, Foxtel, Presto and radio...they have gamed the government. It's supposed to be two out of three and it's more like five out of five' (Quoted in Coorey & Whyte's 'The great mogul overreach', *AFR*, 4-5 July, 2015).

Telecommunications Sector Security Reforms (TSSR) Amendment Bill

On the topic of overreach, new proposed laws put forward by Attorney-General Senator George Brandis and Communications Minister Mitch Fifield will give unprecedented powers to the AG to 'make phone and internet companies do unspecified "things" if he believes they are hindering national security' (Ramli, "Unspecified" powers a worry', *SMH, Business Day*, 30 November). The Turnbull government is aiming to pass these amendments in 2016. Ostensibly the rationale for the new laws is to prevent criminals and spies from hacking into the telecommunications network infrastructure. The problem is that the extent of the powers of the government over telecommunications service providers is largely undefined.

It's yet another example of the growing Orwellian patchwork of 'national security' laws in Australia. The Bill's explanatory memorandum notes that:

“ The A-G will be provided with an additional directions power to direct a [telco] to do or not do a specified thing. ”

The EM continues:

“ The types of things the A-G can direct a [telco] to do or not do are not specified or limited, with the exception of the limitation imposed in section 313B. ”

So one scenario is that the telecommunications and internet industries could be faced with is the possibility that the government will order them to stop buying network equipment from particular overseas vendors if the A-G thought that they were a potential security threat. Hefty fines in the millions would then apply to those disregarding the directions.

About the author

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