The second half of 2007 brought significant changes to Australia’s media and communications industries. This edition of Australian Media Monitor (AMM) reports on a selection of these changes. In particular, the coming into force of amendments to media ownership laws triggered a tectonic private equity refinancing of free-to-air television, effectively taking much of its ownership offshore. At the same time, consolidation by existing traditional media players further concentrated media ownership into fewer hands, with consequences for both audiences and employment practices. Evolving industry developments and changes in media consumption signal ongoing global convergent trends on multiple fronts. The presumption must be that these transformations will continue apace in 2008 and beyond.

* Broadband Debates and Telstra

Broadband policies were high on the agenda in the lead up to the Federal election, and remain so in its wake. The government’s (i.e. taxpayer funded) remaining share of Telstra after T3 in 2006 is 17 per cent and now sits in the Future Fund which is there to primarily finance long-term superannuation needs. Not surprisingly, this reduced ownership stake tends to explain the government’s lack of control when it comes to broadband access/interconnection/pricing policies and the position of Telstra itself. Full privatisation was always the Howard government’s stated endgame. But unscrambling this egg will be a key dilemma for delivering Rudd’s centrepiece election promise of a high-speed national broadband network. And while re-nationalisation is not a part of the ALP’s broadband plan, a public-private partnership model is, and would include $2.7 billion from the Future Fund (plus another $2 billion allocation from the coffers). Interestingly, in these times of geographically mobile capital, the Future Fund is managed by the Chicago based Northern Trust bank from its regional base in Singapore, using staff from Bangalore, India (see http://en.wikipedia.org/wiki/Future_Fund).

These debates can only heat up further, with the battle lines drawn between those who see Telstra’s legacy position as helpful for rolling out a national broadband network, and those who see it as a definite disadvantage. In the latter camp, writing in The Australian’s Business Section, Professor Paul Kerin says it was understandable that voters, given ‘Telstra’s self-serving stalling on broadband’, loved the ALP’s national broadband plan. ‘I’m all for breaking Telstra’s ability to hold us up, but here’s a better way: remove roadblocks that stymie a competitive broadband market. In particular, strengthen the ACCC’s access pricing powers and force Telstra to divest at least its copper and hybrid fibre-coaxial (HFC) networks’. Kerin argued: ‘Telstra is the world’s most highly integrated telco. Its structure gives it both the incentive and ability (reinforced by the access regime) to impede competition and dawdle on new technologies/products. It is vertically integrated, owning both network and retail businesses. Maximising shareholder value means minimising retail sales cannibalisation by refusing rivals access to its network or stalling and charging the highest access prices possible. It is also horizontally integrated, owning various networks – copper (ADSL), HFC and mobile/satellite – which generate broadband products’ (Kerin, The Australian, 18 December).

* Right to Know Campaign

Former Human Rights and Equal Opportunity and Independent Corruption Commissioner, Irene Moss, has handed down her report as head of the Right to Know Campaign. Readers of the first edition of AMM may recall that Moss was representing a coalition of media industry groups to lead an ‘extensive review of free speech in
Australia'. Her inquiry examined issues such as court-ordered suppression orders, privacy, FOI, defamation and other restrictions on what can be reported in the media. The inquiry was the basis for a national lobbying campaign on behalf of the media into restrictions on reporting.

Moss' report *The Independent Audit of the State of Free Speech in Australia* was handed to John Hartigan, Chair of the Coalition of the groups represented (and CEO of News Limited). The coalition members are News Limited, Fairfax Media, FreeTV Australia, Commercial Radio Australia, ABC, SBS, Sky News, Astra, West Australian Newspapers, the Media, Entertainment and Arts Alliance (MEAA), AAP and APN News and Media.

The report comprehensively reviews 'legislation and practices related to free speech as it particularly affects the media in Australia today'. Broadly, the report concludes that 'free speech and media freedom are being whittled away by gradual and sometimes imperceptible degrees'. Further, Moss in her letter of transmittal to Hartigan notes, 'the audit’s examination and resulting observations should ring alarm bells for those who value free speech in a democracy'. This is despite the fact that 'Australia is generally accepted as a land of freedom and compares well internationally on many fronts on civil rights, this should not be taken for granted'.

The areas referred to the Report that raise alarm bells include:

- The growing use of spin and the 'raising of barriers to mask information rather than reveal it';
- There are about 500 pieces of legislation which, to one degree or another, contain 'secrecy' provisions or restrict the freedom of the media to publish certain information;
- FOI laws that are meant to facilitate the flow of information 'do not serve the public well on matters of government accountability';
- The audit found 'many barriers to getting access to information in courts and found the area wanting';
- Institutionalised support for whistleblowers, important for exposing corruption or maladministration, is either non-existent or flawed and administration of these laws is carried out with very little leadership commitment;
- Shield laws are still not in an adequate state to protect journalists; and
- Inconsistent or lack of uniform laws for whistleblowers, privacy, FOI, access to court documents and information.

As Moss rightly observes, the audit will provide an invaluable baseline data set for future comparisons on the state of free speech and media freedoms in Australia. ‘...The Media needs to be more responsible, governments and institutions more open’ (*Report of The Independent Audit of the State of Free Speech in Australia*, October 2007).

The Moss Report neatly complements The Media, Entertainment & Arts Alliance's (MEAA) annual report into the state of press freedom in Australia, *Official Spin: Censorship and Control of the Australian Press 2007*. Christopher Warren, Federal Secretary of the MEAA, writes in the Introduction ‘A free and vibrant press is the cornerstone of Western democracy. It’s one of the most vital checks and balances for a just society. The balance between the public interest and the interests of those in power is delicate but crucial, and daily the media battles to bring truth to light’. This MEAA report is an important survey of the media high’s and low’s for 2007 presented in detailed case studies. Warren notes that the wider context of the MEAA’s review includes the fact that ‘the industry itself is undergoing an enormous shake-up, as the government’s radical cross-media reforms take effect’ and this raises the spectre of ‘job losses, increased syndication, the attrition of diversity and commercial self-censorship are just some of the threats journalists face in an evolving media landscape’ (*MEAA, Official Spin: Censorship and Control of the Australian Press 2007*).

* Australian Communications and Media Authority (ACMA)

According to research released by ACMA ‘Australian families with children are media-rich, with multiple communications devices in the home; they value the internet and are striking a comfortable balance in their children’s use of media’ (*ACMA Media Release, 148/2007*).

The *Media and Communications in Australian Families 2007* report surveyed a representative sample of 751 family households with children aged between 8 and 17 to gauge media use in the home, how young people divide their leisure time, and how parents view their children’s use of media and communications technologies. The report also includes a review of academic research about the influences of media and communications activities on children. Commenting on the Report’s release, Chris Chapman, the Chairman of ACMA said:

‘I believe this research gives the government a first-rate snapshot of Australian families with children aged 8 - 17, the group of households that is leading the charge into the new communications world and therefore the households most vulnerable to any potentially negative media influences. As such, the study provides a sound empirical base for thinking about children and young people’s use of electronic media and communications and informing policy settings in regulating content across media platforms’.
Key findings of the report include:

- Almost all households with children aged 8–17 have a television (over 99 per cent); these households have an average of 2.8 televisions per home.
- About a third (32 per cent) have access to subscription TV.
- Almost all (97 per cent) have a DVD player, with an average of 1.7 per home.
- Nine-in-ten (91 per cent) have the internet, and 76 per cent have broadband compared to just 7 per cent with the internet in 1995.
- Family homes are more connected than households generally: 77 per cent have a games console, representing an increase from 58 per cent in 1995. There is an average of one console per home.
- Just under a half (48 per cent) have a hand-held gaming device, an increase from 39 per cent in 1995.
- Almost nine-in-ten (89 per cent) have a VCR, showing a small decline from 93 per cent in 1995.
- Almost one-quarter (23 per cent) have a DVD recorder.
- Almost all have a computer (98 per cent) representing a substantial increase from 59 per cent in 1995. This year, there is an average of 1.8 computers per home.
- Almost all households with children have a mobile phone (97 per cent compared to 22 per cent in 1995). In 2007, there are 2.9 mobile phones per home.
- More than half (56 per cent) have a mobile phone with advanced features (e.g. with access to the internet, video).
- Three-quarters (76 per cent) have a portable MP3 or MP4 player.

Other findings:

- 94 per cent of households with children on incomes of more than $35,000 per annum are online, compared with 75 per cent of those on less than $35,000. (These findings are also consistent with recent work by the Australian Bureau of Statistics (Patterns of Internet Access in Australia), that found households with an income of $2,000 or more per week were three times more likely to have broadband compared with households on less than $600 per week).
- On average, children 8–17 years spend about one and a half hours online every day. For teenagers 15–17 years, this is just under two and a half hours a day. The internet does not take up as much time for the younger children in ACMA's study: 8–11 year olds spend 30 minutes a day online.
- Ninety-six per cent of parents with the internet at home say their children benefit from the internet, citing educational benefits in particular. Parents also say that the internet provides skill development in areas such as computer and research skills. More than a third of parents (37 per cent) mentioned communications benefits from the internet, such as keeping in touch with friends.
- Very few of today's parents would have used the internet when they were children or teenagers. Nonetheless, the great majority of parents are comfortable with the internet. Almost all parents in homes with internet access use it themselves. Almost 90 per cent of these reported being comfortable using the internet.
- More than four-in-ten young people (42 per cent) say they have posted their own material online. Among 14–17 year olds, a majority of both girls (72 per cent) and boys (52 per cent) have their own profile on a social networking site.
- Electronic media and communication activities overall take up around half of children and young people's aggregate discretionary time. (This proportion hasn't changed since 1995). On average, every discretionary hour spent consuming media or communicating using electronic devices is matched by a similar amount of time spent doing physical activity, hanging out, playing or other non-media activities.
- Media is particularly important as a solo pursuit. When asked what they most like to do by themselves, children indicated three media activities in their top four: watching free-to-air television, listening to recorded music, and gaming. But they also nominate activities such as reading and drawing as frequently as television viewing, as their favourite things to do when alone.
- When asked to rate their level of concern about a range of possible issues, parents said media and communication-related concerns do not stand out from other issues, such as their child's safety and security, exposure to drugs and alcohol, educational opportunities and friends.
- In considering their child's television viewing, gaming, internet use and mobile phone use, the vast majority of parents (80–90 per cent) indicate that each is fairly easy or very easy to manage. Over two-thirds (68 per cent) of parents say they are happy with their child's current balance between media and non-media activities.
- Australian children have less opportunity to watch television in their bedrooms than their counterparts in the US and UK. One in five Australian children has a television in their bedroom. (In the US, research suggests that seven out of 10 children aged 8–18 years have a television in their bedroom, and in the UK, studies have indicated three-quarters of children 8–15 years have a television in their bedroom). One in five children has a computer in their bedroom, up from 8 per cent in 1995. Half of those bedroom computers have an internet connection (ACMA Media Release, 148/2007).

*Other ACMA news*

ACMA has determined new rules that for the first time implement a uniform approach for restricting access to MA15+ and R18+ content accessed through the internet or by mobile phones. In a development which is consistent with the convergent trend in regulation for all audiovisual content to be assessed in terms of the Commonwealth's classification guidelines, the Communications Legislation Amendment (Content Services) Act 2007 (Content Services Act) received Royal Assent on 20 July 2007. The Act inserts a new Schedule 7 into the Broadcasting Act 1992 (BSA) for the purpose of regulating all content services delivered via carriage services (irrespective of the platform and whether they consist of user-generated content or otherwise). Schedule 7 commences on 20 January, 2008.

The main elements of the new content regulatory framework in Schedule 7 to the BSA are:

- A prohibition on X18+ and RC content;
- A prohibition on R18+ content, unless it is subject to appropriate access restrictions;
A new prohibition on commercial MA15+ content, unless it is subject to appropriate access restrictions;

Providers of hosting services, live content services, link services and commercial content services to have in place access restrictions if providing R18+ and commercial MA15+ content;

'Take down,' 'service cessation' and 'link deletion' notices to remove content or access to content that is the subject of a complaint; and

A co-regulatory approach that provides for the development of industry codes to address issues including the classification of content, procedures for handling complaints about content and increasing awareness of potential safety issues associated with the use of content services.

The new 'Restricted Access Systems Declaration' provides that all content service providers will be required to check that individuals accessing restricted content provided in Australia are at least 15 years of age for MA15+ content or 18 years of age for R18+ content. The new rules follow earlier DCITA investigations into how content was being accessed on various convergent devices. ACMA advises that like 'previous obligations relating to stored content, the new rules provide that after receiving a complaint and investigating internet or mobile content, ACMA may require the content service provider to either remove the content or place the content behind specified access restrictions' (ACMA Media Release, 151/2007).

* VoIP

In another convergent development, ACMA has released the findings of a research report, The Australian VoIP Market, which presents research into the supply and demand of VoIP (Voice over Internet Protocol) services in Australia. Overall, the research found that while there is a high level of awareness of and interest in VoIP services among Australian consumers, take-up is still comparatively low. The research found that 81 per cent of internet households were aware of VoIP but only 15 per cent of respondents (being persons 18 years and over) and 13 per cent of small and medium enterprises (SMEs) had used a VoIP service.

According to the report 'VoIP is a service that has the potential to change the fixed-voice market. The low pricing and additional functions offered by VoIP services create strong competition for traditional public switched telephone network (PSTN) fixed-voice services. Ovum forecasts that VoIP will make up 21 per cent of fixed-voice revenues in Australia by the end of 2011'.

The report notes that 'The Australian VoIP market is growing rapidly. Between April and September 2007, the number of VoIP providers increased by 27 to 269. It is, however, more difficult to get reliable estimates of the number of VoIP subscribers because many VoIP providers do not release their subscriber numbers. One estimate from Market Clarity forecasts a 237 per cent increase in internet-based VoIP subscribers between June 2007 (1.4 million) and June 2008 (4.8 million)' (ACMA Media Release, 149/2007).

* New Local Content Licence Condition for Regional Commercial Radio

ACMA has imposed an additional licence condition on regional commercial radio broadcasters that requires them to broadcast specific levels of local content from 1 January, 2008. As part of the media ownership package of amendments in October 2006, regional protections are introduced in the form of local content and local presence obligations for regional commercial radio broadcasting licensees. (These are separate from existing local content requirements for commercial TV broadcasting licences).

The aims of the new obligations include 'ensuring regional and rural communities throughout Australia receive programs about matters of local significance and that a local presence is maintained'. Some obligations apply to all licensees, whereas others only apply to licences when a 'trigger event' occurs. A trigger event covers a range of situations:

- A transfer of licence;
- Formation of a new registrable media group where a regional commercial radio broadcasting licence is in the group; or
- Change of controller of a registrable media group, where a regional commercial radio broadcasting licence is in the group.

The new licence condition requires that licensees affected by a trigger event occurring after 4 April, 2007 must:

- Comply with a licence condition – Broadcasting Services (Additional Regional Commercial Radio Licence Condition – Local Presence) Notice 22 March 2007 - requiring them to maintain an existing level of local presence;
- Meet minimum service standards for local news and information specified in the Act. For example, affected licensees must broadcast a minimum of 12.5 minutes of local news between 5 am and 8 pm at least five days a week; and
- File draft local content plans setting out how they will meet the minimum service standards for local news and information.

The condition requires all regional commercial radio broadcasting licensees to broadcast three hours of local
content ('material of local significance') between 5 am and 8 pm on business days. The key features of the
condition are:

- The requirement for licensees to broadcast the applicable number of hours of material of local
  significance on business days;
- The definition of 'material of local significance' as material that is hosted in, produced in, or relates to
  the licence area. The definition includes advertisements (capped at 25 per cent) and the minimum
  service standards for local news and information that apply to licences affected by a trigger event;
- Record-keeping and annual reporting requirements.

ACMA says that in response to strong opposition from the commercial radio sector significant changes from
the proposed licence condition include 'replacing the requirement to keep written records with compliance
statements and the inclusion of explanatory notes to clarify the ambit of material that 'relates to' a licence
area' (ACMA Media Release, 150/2007).

Media Ownership

New media ownership laws in Australia have been in operation for less than a year. The Rudd government has
indicated that it will not repeal these new laws. The new laws removed the main cross-media ownership
restrictions (now allowing TV/newspaper/radio mergers with a '2 out of 3' media sector limit with
rural/regional and metro voice limits – under the '4/5 voices test'). The Fairfax Media /Macquarie
Media/Southern Cross merger is the first major implementation under these new rules. An important question
that Australian citizens should be asking is how will cross-owned entities actually operate, and, for example,
what will be the practical effects in terms of diversity of voice in news formats? And what are the wider
implications - for employment in the media industries and for democracy? What will be the impact of online
news provision as faster broadband delivery infrastructures roll out?

As Crikey has earlier reported, ‘Since the laws changed in October last year, the biggest media companies
have grown even bigger and the medium-sized companies are disappearing. Two of the most significant
mid-sized owners, Rural Press and now Southern Cross Broadcasting, have been swallowed by Fairfax.
Another, West Australian Newspapers, is now effectively controlled by the Seven Network. The federal
(Howard) government refers to what is happening to media ownership as a result of its legislation as public
policy. But to anyone who cares about the future of journalism and diversity of media ownership there's
another description for this Darwinian process. A tragedy for Australian democracy’ (Crikey.com).

The Fairfax/Macquarie Media Group/Southern Cross deal is a complex deal requiring both ACMA and ACCC
oversight. MMG agreed to pay $1.35 billion for SCB, which adds its regional TV interests (approx. 14 stations)
to its 87 regional radio stations in 45 markets. The trouble is that 'By combining radio and TV assets, MMG
has breached diversity levels in 13 markets and has been forced to offer 15 stations for sale in a process now
under way. It also on-sold SCB's metropolitan radio stations – 4BC and 4BH Brisbane, 2UE Sydney, 3AW and
Magic Melbourne and 6PR and 96FM Perth – to Fairfax Media for $520 million in a deal completed in November
2007. In turn, MMG agreed to buy nine regional stations acquired by Fairfax when it merged with Rural Press
earlier in 2007. They include two licences in Port Lincoln and the Spencer Gulf region of South Australia:
markets that had never reached the minimum four voices test'.

Section 61AJ provides that before a transaction takes place that would result in an 'unacceptable media
diversity situation' coming into existence, or which would reduce the number of points in a licence area in
which an unacceptable media diversity situation already exists, a person may apply to ACMA for approval of
the transaction. Macquarie Media Group sought prior approval of the transaction from ACMA.

Subject to certain conditions, ACMA then has discretion about whether to approve a transaction, and about
the period during which action must be taken to restore the points. This period cannot be more than two
years. Under section 61AB of the Broadcasting Services Act 1992 (BSA), an 'unacceptable media diversity
situation' exists in relation to a regional licence area of a commercial radio broadcasting licence if the number
of points in the licence area is less than four. A registrable media group (a group of two or more media
operations) is worth one point in a licence area. Usually a media operation (a commercial television licence, a
commercial radio licence or a newspaper that is associated with the licence area of a commercial television
or commercial radio licence) that is not part of a media group is also worth one point. Sections 61AG and
61AH prohibit transactions that result in an unacceptable media diversity situation, or which reduce the
number of points in a licence area in which an unacceptable media diversity situation already exists.

In these circumstances ACMA is therefore requiring radio licences to be sold in the Port Lincoln and Spencer
Gulf markets to restore the two voices before MMG took control of the TV licences under the deal.
Meanwhile, MMG has been busying buying US media assets. It is reported that the group spent $182 million expanding its US community newspaper business. They have added American Consolidated Media to the group by picking up 22 local publications owned by Chesapeake Publishing in Northeast Maryland, and 11 owned by the Brown Publishing Company operating in Southern Ohio (The Australian, Media, 29 November 2007).

In the UK, the parent company of the MMG, Macquarie Bank, is ‘rapidly taking over ownership of the backbone of the country’s broadcast media’. Further, ‘through its ownership of Arquiva, Macquarie controls half Britain’s 1154 television towers and transmits the signals for country’s main commercial channels, including ITV, Channels 4 and 5, to nearly 25 million homes…another Macquarie fund owns Red Bee Media, which manages channel production for the BBC, UKTV, Virgin Media and other clients. Red Bee Media was formerly owned by the BBC, but is now privatised under Macquarie’s direction, specialising in ‘play-out’ services (converting analogue to digital material, juggling recorded and live content, controlling what goes out when, and adding captioning services, creative brand work, etc). This article suggests that ‘Macquarie’s influence is set to increase, since Arquiva has bought rival National Grid Wireless, which owns the remaining TV towers and holds the transmission contracts for BBC One and Two’. It’s argued that Macquarie is now well-positioned to ‘capitalise on the changing landscape as Arquiva and Red Bee have key roles in the switchover to digital TV, and may also benefit from the emergence of new media such as IPTV and mobile TV. The acquisition is subject to Ofcom approval. (Fitzsimmons, The Australian, Media, 6 December 2007).

* Seven Network

It is reported that Kerry Stoke’s Seven Network has lifted its stake in West Australian Newspapers to almost 20 per cent of the publisher. (A formal takeover process is required under Corporations Law at 20 per cent). Seven upped its stake to 19.4 per cent from 17.3 per cent. The commercial television operator took a strategic holding of 14.9 per cent in WAN last October, prior to new federal laws liberalising cross-media ownership regulations taking effect. Last November, Seven sold half of its media businesses into a $4 billion joint venture with US-based private equity firm Kohlberg Kravis Roberts in a deal that generated cash for future acquisitions. (AAP, ‘Stokes lifts WAN stake to almost 20pc’, 20 November, 2007).

* PBL Media/Packer-Murdoch Play

Mark Day wrote in The Australian’s Media section that it was ‘only a matter of time before a News Corporation or Telstra swoops on the now diminished Packer media empire. In ‘Rump of an empire a juicy no-brainer for News’, Day considers that the 25 per cent of Foxtel, 50 per cent of Premier Media Group (which holds the Fox Sports brands), and the motor industry classifieds, Car Sales, and Seek employment websites would be a nice fit for News Corporation. There’s also 25 per cent of PBL Media, which holds the magazine interests and the Nine Network. With private equity group CVC Asia Pacific now holding 75 per cent of the former Packer empire, Day - with agreement from media analysts Roger Colman and Tony Waters at CCZ Equities - see a takeover scenario as ‘inevitable’ (Day, The Australian, Media, 6 December 2007).

Prophetically, a deal was announced on Monday, 21 January in the Murdoch press. Nick Tabakoff broke the news that James Packer and Lachlan Murdoch (no longer in an executive role at News Corporation but still a director) were structuring a deal to take Consolidated Media Holdings private in a $3.3 billion deal (Tabakoff, The Australian, 22 January). If the deal clears regulatory hurdles (ACMA, ACCC) Lachlan Murdoch will become executive chairman of the newly privatised joint venture vehicle. In effect, the ‘scheme of arrangement’ to establish the joint venture would be privatising the remainder of the Packer family’s media interests, in a scenario that many predicted as the kind of feared outcome arising from the Howard government’s dismantling of cross-media ownership rules.

The audacity of the deal was not lost on Crikey’s Stephen Mayne who noted with some scepticism that Lachlan Murdoch, eldest son of Rupert Murdoch, chairman of News Corporation and owner of The Australian, had said it was his own transaction and it had nothing to do with News Limited or News Corporation (Mayne, ‘Governance issues galore in Murdoch-Packer play’, Crikey.com 22 January). Mayne was very disparaging of Terry McCann’s ‘Different steps walking together’ piece in the Melbourne Herald-Sun, a Murdoch outlet, which scoffed at those suggesting the deal further concentrates media ownership.

In Mayne’s view McCann had ‘produced a predictable puff piece, albeit one with more detail than anyone else’. McCran wrote: ‘So Murdoch could’ buy Packer’s Nine. Or Ten. Or Packer could buy the Fairfax print media business. Either which way, cementing the Packer-Murdoch stranglehold of our media. None of which has happened. And which is still not happening in this deal. For the simple reason it ain’t a merger of anything.
Packer is just sharing his existing media interests with Lachlan Murdoch. Not Rupert Murdoch or News Corp/News Ltd’ (McCran, Herald-Sun, 22 January).

The deal means that the Packer-Murdoch joint venture will own 50 per cent of CMH’s assets: a 25 per cent stakes in Foxtel and PBL Media (which owns the Nine Network and ACP Magazines, and half of carsales.com and ninemsn) and its 50 per cent stake in Fox Sports. It has various consequences for a range of commentators: for Harold Mitchell the privatisation could be ‘another mini Alan Bond moment’ (Tyndall, ‘Alan Bond moment in making’, AFR, 22 January), a reference to Packer senior’s sale of the Nine Network to Alan Bond in 1987 (only to buy it back again in 1990 for a hugely discounted price). Other commentators read the deal as a strategic re-entry of Lachlan Murdoch to run key Australian media assets (like Foxtel) that he’s very familiar with (Chessell, ‘Lachlan back with a bang’ and ‘Scion back after his sabbatical’, AFR, 22 January); or as a blocking move ‘Tasty morsel getting away from Telstra’ (Mansell, AFR 22 January); or as ‘a long association (that) bears fruit’ (Chenoweth, AFR 22 January). Others thought it should be called ‘Two.Tel’, referring to the $1 billion losses in the failed One.Tel telecoms venture between the Murdochs and Packers.

Several matters are clear though. If it proceeds, Australian media is yet again further concentrated and, with that, the diversity of voice further reduced.

* Australian Broadcasting Corporation

The Australian’s Media section in post-election mode shouts ‘Conroy sets ABC collision course’, saying that the writing is on the wall for a board shake-up and installation of a staff-elected director, to be reintroduced by the ALP after the Liberal’s dismantling of the role. Michael Sainsbury notes that such a move is ‘likely to cause ructions with ABC chairman Maurice Newman’ who resigned in 2004 but who returned in 2007, ‘after blaming then staff director Romana Koval for a ‘gross breach’ in confidentiality, which she denied’. Fast replacements to the remainder of the board’s directors are unlikely, given the slow renewal process, with deputy chair John Gallagher’s term expiring in February 2008, followed by Ron Brunton in May 2008 (Sainsbury, The Australian, Media, 6 December, 2007).

* Digital Australia

In keeping with its pre-election promise, the Rudd government will dismantle the new digital transition governance body Digital Australia. ‘Only five months after the appointment of Andrew Townsend to head the $40 million Digital Australia body, the new Labor government has taken the axe to the project’. It’s reported that the government will also legislate for a new shut down of analogue free-to-air date of the end of 2013. Interestingly, a fourth free-to-air network has not been ruled out by the new Minister for ‘Broadband, Communications and the Digital Economy’, Stephen Conroy (Sainsbury, The Australian, Media, 6 December 2007).

On the conversion to digital TV front, Channels Seven and Ten both launched digital high-definition (HD) services in October 2007. Seven’s new channel, 7HD, ‘will have at least 50 hours of programs every week that cannot be seen on its main channel’. Both will carry live sport and US programming not considered popular enough for their main channels. Seven has made public its intention to use their channel as a ‘laboratory’ for locally made programs. All commercial free-to-air networks already have HD channels, but to date have only rebroadcast material seen first on the main channel (as part of the so-called ‘triple cast’ of analog, standard and high definition streams). The new 7HD channel will show exclusive content for about eight hours during the day but then switch to main channel material for the remainder of their schedule. The extra HD channels while having smaller audiences, and thus not justifying too much high-cost programming, will allow the networks to defray costs via increased advertising (Hogan, SMH, Business Day, 10 December 2007).

* Social Networking

Michael Turtle writes in ‘YouTube seeks different legislation bounds’ (ABC Online) about how online video site YouTube is expanding into the Australian market and suggests that it ‘should not be governed by legislation in the same way other media organisations are’. He notes that YouTube has 3 million Australian users and that the site launched a local version on 23 October. ‘Every minute more than seven hours of content is uploaded to the site. But some of it has been controversial including videos showing school bullying or glamorising smoking’.

YouTube’s international manager, Sakina Arsiwala is quoted saying that the Federal government has said it will review the legislation to see if it can control the content put online. Arsiwala’s (and YouTube’s) view is that the internet should be treated differently to television or print. She says ‘I don’t think YouTube is a
broadcaster, so I think that's something...we have to clarify (we) think the value proposition for platforms
like YouTube is that everybody gets a voice, so we want to be able to give the common person, the user,
regular person on the road a voice...If anything we want free speech to be preserved, and that voice to be
preserved because it's a very very powerful voice' (Turtle, ABC Online, October 23, 2007).

As discussed in the 'Other ACMA news' section above, a new content regulatory framework takes effect from
20 January, 2008, so it will be interesting to monitor the impact of these rules, if any, on overseas hosted
operations who also have a local presence.

* AOL Local Launch

It’s reported that the digital subsidiary of global media group Time Warner plans to ‘try its luck for the third
time’ to launch a local portal service. It originally launched in Australia in 1998 as a walled garden service in a
joint venture with the German Bertelsmann group, only to re-form as AOL7 with AAPT in 2004, but that soon
collapsed and Seven teamed up with Yahoo. In September 2007, David Halloway, an Australian working in
AOL’s International Business Development Unit, said the company would soon open an office in Sydney, and
that the Australian portal would be ‘a smaller version of our flagship site http://www.aol.com’. Curiously,
AOL announced in October that it would be retrenching 2000 staff worldwide. However, the company is quoted
as saying it would be operating in 30 countries worldwide by the end of 2007, as it morphs from a ‘subscription
business to an advertising-supported web services company offering content and a suite of advertising
services’. A company spokesperson is quoted as saying ‘Our objective is to maintain an AOL global
community while offering local services, such as local language websites and local partners to deliver relevant
content’. It will be recalled that at the height of the dotcom bubble, AOL used its inflated share price to
acquire Time Warner, re-branding as AOL-TW, only to drop the AOL after $US100 billion losses a couple of
years after the merger (Sinclair, The Australian, Media, 13 December 2007).