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New media or more of the same?

The cross-media ownership debate

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Summary

The case put forward by the Federal Government and major media proprietors for repealing the cross media ownership laws is based on the belief that we ‘are at the dawn of the greatest era of pluralism in our history’ brought on by the rise in new media sources, particularly the internet (Mitchell cited in ABC 2006). They argue that new media sources will guarantee that a diverse range of information and opinions will be freely exchanged in accessible and commonly used forums. Consequently, the existing cross-media laws can be relaxed to encourage greater innovation and efficiency without any threats being posed to the health of Australia’s system of representative democracy.

This paper assesses the validity of this argument by examining media consumption patterns in Australia. It draws mainly on data compiled by Roy Morgan Research. The study finds that despite the rise of new media over the past decade, only a very small proportion of Australians rely on the internet for news and current affairs and, amongst those who do, the vast majority turn to websites that are either controlled by traditional media providers or draw their content from traditional media sources. Important findings include the following.

- On average, only 14 per cent of the time that Australians spend on consuming media is devoted to the internet, compared to 44 per cent on television and 32 per cent on radio.
- Television, newspapers and radio are the main source of domestic news and current affairs for over 95 per cent of the population. By comparison, only three per cent of people say the internet is their main source of domestic news and current affairs.
- Around 75 per cent of the population never or rarely use the internet to obtain domestic and international news.
- Of the roughly 25 per cent of the population that access the internet on a reasonably regular basis for domestic news and current affairs, approximately 90 per cent rely on a small collection of websites that have a close association with traditional media providers.

- It is estimated that as little as one per cent of Australians rely on an alternative media provider as their main source of news and current affairs.

In short, to the extent that internet-based news and current affairs are a source of news and comment, it is little more than the old media repackaged.

Despite the assertions made by the Federal Government and the major media proprietors, new media adds virtually nothing to the diversity of news and current affairs in Australia. Consequently, repealing the cross-media ownership laws would result in a further concentration of an already concentrated media sector thereby reducing opportunities for independent sources of news and opinion.

1. Introduction

On 15 March 2006, the Federal Minister for Communications, Senator the Hon Helen Coonan, launched a discussion paper, *Meeting the Digital Challenge*, that outlines the Government's case for reform of the laws governing cross-media ownership. The argument put forward by the Government is that the rise of new electronic forms of media permits reform of the current regulatory environment. More specifically, it asserts that modern technology is breaking down barriers between the different forms of media and that existing laws are stifling innovation and the efficient operation of the media and information technology sectors.

In response to concerns about the impacts of the concentration of media ownership on democratic processes, the Government argues that the rise in the new media sector will ensure the free exchange of a diverse range of information and opinions on political issues. The crux of the Government's argument is captured in the following extracts from *Meeting the Digital Challenge*.

Traditional media services are being challenged by new digital technologies resulting in the emergence of new players, content, services and delivery platforms. For consumers, this means an ever-increasing number of new sources of information and entertainment. For the media sector, while it poses challenges as audiences are attracted away from traditional media sources, it also presents significant opportunities to embrace new ways of doing business. From the Government's perspective, the impact of digital technologies means the current regulatory settings, which are largely designed for an analogue world, require review.

It continues:

[d]igital technologies blur the lines between the traditionally distinct telecommunications, broadcasting, print and IT sectors as they deliver an increasingly common range of services. This shift has impacted not only upon entertainment services, but also on sources of news, public opinion and information. For instance, use of internet-based news media has been growing rapidly. While many popular news sites are provided by traditional media companies, the emergence of weblogging, news via mobile phones and independent online news services means news and current affairs reporting has become more interactive (Commonwealth of Australia 2006, p. 3).

The Government's case has received strong support from large media proprietors. Rupert Murdoch, head of News Limited, has pronounced the end of the media baron claiming 'power is moving away from the old elite in our industry - the editors, the chief executives and, let's face it, the proprietors' (Gibson 2006). Similarly Editor-in-Chief at *The Australian*, Chris Mitchell, has argued that:

it's been clear since Paul Keating's media reforms in the mid-'80s that our industry would be better off with less regulation. I think people who want to

see more pluralism in media are at the dawn of the greatest era of pluralism in our history (Mitchell cited in ABC 2006).¹

The Ten Network, in a submission to the inquiry of the Senate Environment, Communications, Information Technology and the Arts Legislation Committee (SECITALC) into the *Broadcasting Services Amendment (Media Ownership) Bill 2002*, has also argued that:

the cross-media prohibitions between commercial television, radio and the major print media impede efficiencies which could be available through cross-media acquisitions or other arrangements such as joint ventures; and have declining relevance as internet, on-line, digital and interactive services provide new media and create convergence across traditional sectors of the media (Network Ten 2002, p. 1).

These sentiments were shared by most other major media proprietors who made submissions to the Committee, including News Limited, Seven Network, Publishing and Broadcasting Limited (PBL) and John Fairfax Holdings Limited.

By examining media consumption patterns in Australia, this paper seeks to test the validity of the argument that the new media sector will guarantee a greater diversity of information and opinions.² In particular, it looks at whether the internet is challenging the traditional forms of media, television, radio and newspapers, as a source of news and current affairs. The statistics relied upon to analyse these issues are drawn primarily from data compiled by Roy Morgan Research.

2. Australian media and regulation

Freedom of communication and diversity of opinion in the media are essential to the proper functioning of a democratic society. As the former Chief Justice of the High Court of Australia, Sir Anthony Mason, once said:

[t]he efficacy of representative government depends ... upon free communication on [public affairs and political issues] between all persons, groups and other bodies in the community. That is because individual judgment, whether that of the elector, the representative or the candidate, on so many issues turns upon free public discussion in the media of the views of all interested persons, groups and bodies and on public participation in, and access to, that discussion.³

The free exchange of ideas and opinions cannot be assured in a modern society if the primary forms of media are controlled by a small number of people. Concentration of media ownership undermines the capacity of citizens and institutions to share information and views and places media proprietors in a position to exert undue influence on public opinion and democratic processes.

¹ *The Australian* is owned by News Limited.

² For the purposes of this paper, 'new media' is confined to internet-based media and does not include other potential new sources of news and information such as mobile phones and digital television.

³ *Australian Capital Television v. Commonwealth* (1992) 108 ALR 577, pp. 594 – 595.

The *Broadcasting Services Act 1992* (Cwlth) (BS Act), is intended to guard against the risks associated with the monopolisation of media markets. To do this, the BS Act places restrictions on the concentration of ownership of the main types of media (radio, television and newspapers) in particular geographic areas through a system of licensing. The relevant provisions of the BS Act can be divided into two categories - concentration of control and cross-media (Bailey 1997).

The concentration of control provisions prevent a person from gaining control of a specific type of media in a market (for example, a person must not control more than two radio licences in the same licence area). The cross-media provisions restrict the capacity of a person to control two or more different types of media in a market (for example, a person cannot control a television licence and a radio licence in the same licence area, or control a television licence and a newspaper associated with the licence area of the television licence) (Bailey 1997). The object of these provisions is to prevent undue concentration in media ownership so as to ensure diversity of content and opinions in the public sphere (Brown 2000).⁴ For simplicity, we refer to these two sets of restrictions as the cross-media ownership laws.

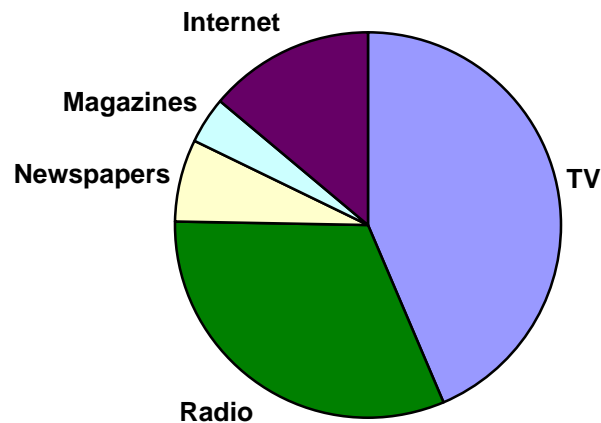
Despite the operation of the BS Act, by OECD standards the Australian media industry is heavily concentrated (Brown 2000). News Limited and John Fairfax Holdings dominate capital city newspapers with more than 80 per cent of the market. In capital city radio markets, four companies dominate, while three corporations (Seven Network, Channel Seven and PBL) control the majority of capital city and regional television audiences (SECITALC 2002). Any relaxation of the cross-media ownership laws could result in a further concentration of media ownership, which would have repercussions for the integrity of Australia's democracy.

3. Patterns of media consumption in Australia

Australians spend just over 50 hours (50hr 50 min) a week consuming media (Roy Morgan Research 2005a), which constitutes more than 50 per cent of average total leisure time (Productivity Commission 2005). Television occupies 44 per cent of total time spent on media each week, followed by radio (32 per cent), internet (14 per cent), newspapers (7 per cent), then magazines (4 per cent) (Roy Morgan Research 2005a) – see Figure 1.

⁴ See BS Act, section 3.

Figure 1 Percentage of Australian's media consumption, by media type, 2004

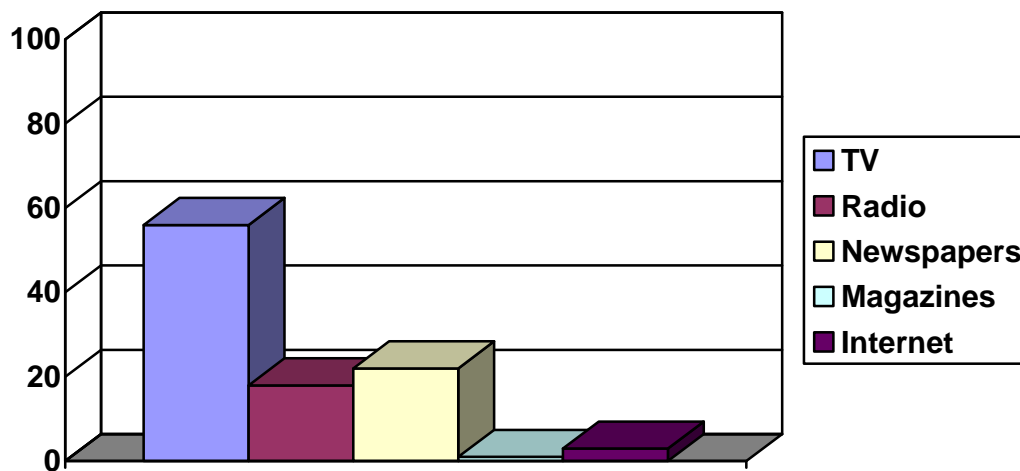


Source: Roy Morgan Research (2005a) - survey of people aged 14 and over taken in 12 months to December 2004 from 24,516 respondents.

The continued dominance of television, especially over the internet, can in part be explained by access. Data from the Australian Bureau of Statistics (ABS) show that 33 per cent of Australian households do not have access to a computer at home (ABS 2005). Similarly, only 56 per cent of households have home access to the internet (ABS 2005). In comparison, 99 per cent of Australian households have access to at least one television (Productivity Commission 2005).

The dominance of traditional media is even more pronounced when it comes to news and current affairs. Polling conducted in 2004 found that for 96 per cent of Australians, television, newspapers and radio are their main sources of domestic news and current affairs, with television being the most favoured source at 56 per cent. Only three per cent of people said that the internet is their main source of domestic news and current affairs (Roy Morgan Research 2004a) – see Figure 2.

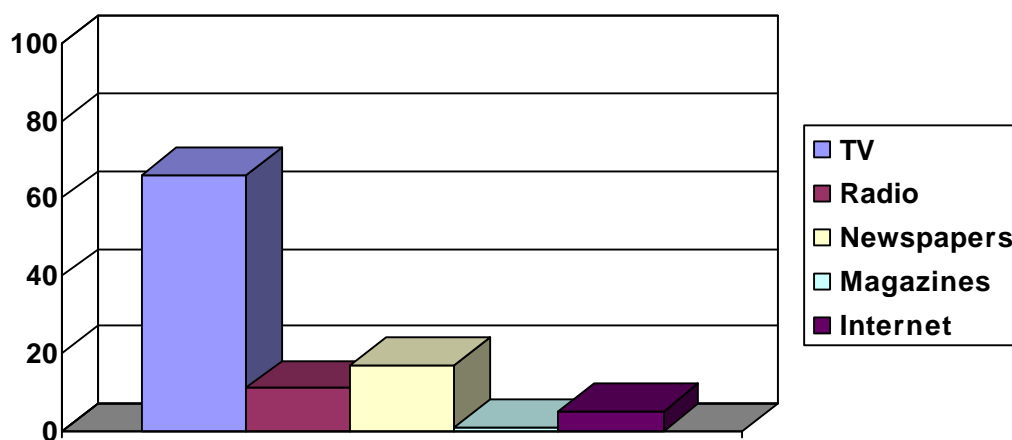
Figure 2 Main source of domestic news and current affairs, per cent, by media type, 2004



Source: Roy Morgan Research (2004a) - survey of people aged 14 and over taken between 18 and 19 of August 2004 from 664 respondents.

Although domestic news and current affairs is of primary importance in the context of debates about pluralism in Australian democracy, these trends are consistent with those found in relation to international news and current affairs. Sixty-six per cent of Australians said they relied on television as their main source of international news and current affairs, with 17 per cent turning to newspapers and 11 per cent to radio (Roy Morgan Research 2004a) – see Figure 3. It would seem more likely that Australians would turn to the internet for international news than domestic news because of the greater range of choices and the advantages that overseas media providers have in reporting this information. However, only five per cent of people said the internet was their main source of international news and current affairs. In short, whether it is domestic or international news, Australians still rely overwhelmingly on traditional media, not the internet.

Figure 3 Main source of international news and current affairs, per cent, by media type, 2004



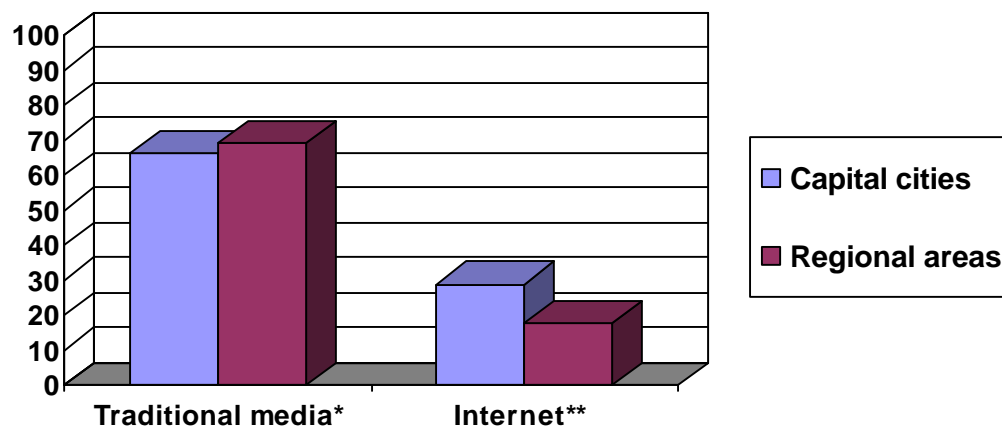
Source: Roy Morgan Research (2004a) - survey of people aged 14 and over taken between 18 and 19 of August 2004 from 664 respondents.

4. Media consumption in regional Australia

Media ownership is already more concentrated in regional areas than in urban areas, with many major regional centres having six media operators compared to 11 or 12 in cities such as Sydney and Melbourne (Lehmann and Lewis 2006). Under the Federal Government's proposal, regional centres could be left with four media entities.

The tendency for people to rely on traditional media for news and current affairs is also more pronounced in regional areas. Thirty per cent of people in regional areas have never accessed the internet, compared with 21 per cent in capital cities (Roy Morgan Research 2004b). Moreover, 22 per cent of people in regional areas are heavy commercial television users compared to 18 per cent in capital cities (Roy Morgan Research 2004b) – see Figure 4. Similarly, there is also an 11 percentage point (29% Vs 18%) difference in heavy internet usage between capital cities and regional areas.

Figure 4 Heavy media consumption in capital cities and regional areas, per cent, by media type, 2004



* Heavy traditional media consumption refers to more than four hours of television or radio a day or reading more than seven newspapers in the last week.

** Heavy internet consumption refers to using the internet eight or more times in the last week.

Source: Roy Morgan Research (2004b) - survey of people aged 14 and over taken between October 2003 and September 2004 from 24,718 respondents.

These figures suggest that the diversity of information and opinions will be more negatively affected in regional areas than in capital cities if there is an increase in the concentration of media ownership as a result of changes in the regulatory framework.

5. Patterns of internet consumption in Australia

Most popular websites for news and current affairs

The Federal Government asserts that the repeal of the cross-media ownership laws will not negatively affect diversity of content and opinion in the media because of the proliferation of alternative sources of information, particularly the internet. However, as discussed in Section 3, only a very small proportion of people rely on the internet as their main source of news and current affairs. Further, the most popular sites for domestic news and current affairs are either controlled by traditional media providers or draw their content from traditional media sources.

In a survey conducted by Roy Morgan Research, 75 per cent of people were unable to specify a favourite site for domestic news and current affairs. It would seem likely that these people can be divided into two main groups: those who do not use the internet for domestic news and current affairs and those who use the internet very rarely and therefore cannot specify a site. This leaves only around a quarter of the population that regularly access the internet for this information.

According to Roy Morgan Research polling data, of the 25 per cent of people who do regularly use the internet to obtain news and current affairs, approximately 90 per cent of them rely on websites controlled by or, associated with traditional media sources – see Table 1 (Roy Morgan Research 2004a).⁵ The most widely used sites were Nine MSN, the Sydney Morning Herald site and the ABC site. (Roy Morgan Research 2004a).⁶

Table 1 Most popular specified internet sites for domestic news and current affairs, per cent, 2004

Internet site	Per cent
Nine MSN	44
Sydney Morning Herald	14
ABC.net.au	10
News Interactive	8
Fairfax Digital	4
Yahoo.com.au	4
The Age	4
Via Google	4
CNN	2
Other	26
Total answers	120*

*Note: Percentages may not sum to a 100 due to rounding and because some people named more than one internet site.

Source: Roy Morgan Research (2004a) - survey of people aged 14 and over taken between 18 and 19 of August 2004 from 664 respondents.

As Table 1 shows, approximately 26 per cent of those able to nominate specific sites use 'other sites' as their most popular sources of internet-based news and current affairs. It is possible that some of these people are using independent sites such as

⁵ Polling conducted by Roy Morgan Research between January 2005 and December 2005 confirms that the most popular websites for news in Australia are either controlled by traditional media providers or draw their content from traditional media sources (Roy Morgan Research 2006). It found that most popular sites for this information were Fairfax Digital, News Interactive, NineMSN and the ABC site. *Crikey* ranked sixth in the survey with 190,000 visitors, well behind the almost 1.2 million who relied on Fairfax Digital and 1.16 million who turned to News Interactive.

⁶ The NineMSN site is controlled by PBL, the Sydney Morning Herald, Fairfax Digital and The Age sites are controlled by John Fairfax Holdings Limited, the News Interactive site is controlled by News Limited, the CNN site is controlled by the Cable News Network (which is part of the Time Warner group of companies), and the ABC site is controlled by the Australian Broadcasting Corporation. Yahoo site obtains most of its domestic news and current affairs from Australian Associated Press (AAP), which is owned by News Limited, John Fairfax Holdings Limited, West Australian Newspapers Pty Ltd and the Harris Group.

web logs that do not rely on traditional media providers for the majority of their content. However, given the nature of existing websites that provide news and current affairs, it seems likely that a significant proportion of this group are using sites that have some affiliation with traditional media sources (this is discussed in more detail below).

Some inferences can be drawn from this data. As noted, only three per cent of Australians rely on the internet as their main source of domestic news and current affairs. Moreover, of all internet users who specify a website for news and current affairs, 90 per cent identify websites associated with traditional media providers. Given the consumption patterns of all internet users it is unlikely that more than one per cent of Australians rely on an alternative provider as their main source of domestic news and current affairs.

These conclusions are supported by the results obtained in relation to people's internet habits concerning international news and current affairs. Again, the Roy Morgan Research survey found that the most popular sites for international news are either controlled by traditional media providers or draw their content from traditional media sources – see Table 2.

Table 2 Most popular specified internet sites for international news and current affairs, per cent, 2004

Internet site	Per cent
Nine MSN	40
Sydney Morning Herald	13
ABC.net.au	10
News Interactive	5
Fairfax Digital	3
Yahoo.com.au	5
The Age	5
Via Google	8
CNN	5
BBC	5
Other	25
Total answers	123*

*Note: Percentages may not sum to a 100 due to rounding and because some people named more than one internet site.

Source: Roy Morgan Research (2004a) - survey of people aged 14 and over taken between 18 and 19 of August 2004 from 664 respondents.

Approximately 86 per cent of respondents identified websites that are associated with traditional media providers as their most popular sources of internet-based international news and current affairs, with Nine MSN, the Sydney Morning Herald site and the ABC site being the most widely used.

Blogs and alternative news sites

The growth of the internet has prompted the emergence of a small number of alternative sources of news, current affairs and other political information, the most notable domestic examples being *Crikey*, *Online Opinion*, *New Matilda* and *Australian Policy Online*. These sites all provide a forum for dialogue and the exchange of opinions and policy analysis, but *Crikey* also reports breaking news stories. In some respects, the content of the opinion forums is dictated by traditional media sources, as a significant proportion of the discussion on these sites relates to news and current affairs that is reported elsewhere. Yet, although they are partially reliant on traditional media providers, these sites are important forums for the exchange of information and opinions on political issues.

Web logs, or blogs, are another potential new internet-based source of news and information. Reliable data on blogs is lacking. However, as with other internet opinion forums, it appears that the content on many domestic blogs is often sourced from traditional media providers or influenced by mainstream sources. A number of popular blogs are also maintained by people who work for, or have a close association with, large media proprietors. Tim Blair, who is employed by *The Bulletin*, is a case in point. Considered one of the most popular bloggers in Australia, he is assistant editor at *The Bulletin* and much of the information on his site is directly sourced from the traditional media.⁷ Others, such as John Quiggin, also a regular contributor to the *Australian Financial Review*, comment primarily on news already in the mainstream news cycle.

Both blogs and online opinion sites do provide a useful forum for people to express opinions and analyse policy and political issues. However, very rarely do they act as alternative news gatherers and breakers. Further, only a small proportion of the population appears to access regularly these sites for news and current affairs. In a survey conducted by Roy Morgan Research that asked people which source they turn to first for breaking news on events in Australia, 61 per cent of respondents answered television, followed by radio (18 per cent), while less than one per cent answered internet blog sites (Roy Morgan Research 2005b). These results are consistent with those reported above in relation to people's access to the internet and their preferred sources of news and current affairs. In addition, the content of these blog and opinion sites is heavily influenced by the information reported by traditional media providers, which reflects the nature of the news gathering process.

News gathering is expensive and labour intensive, often requiring contacts with individuals in government and non-government institutions that take years to develop. These characteristics of the business make it very difficult for new media providers to successfully compete with the established media proprietors.

6. Implications

There is no evidence to support the argument that Australia is 'at the dawn of the greatest era of pluralism in our history', nor is there any evidence to support the argument put forward by the Federal Government and major media proprietors that the rise of new media, particularly the internet, is precipitating a range of alternative

⁷ See Martin (2005).

media sources that large numbers of Australians are using to receive information and opinions on political issues. The overwhelming majority of Australians still obtain their news and current affairs from traditional media sources.

Television, newspapers and radio are still the main source of domestic news and current affairs for over 95 per cent of the population. By comparison, only three per cent of people say the internet is their main source of this information.

These findings are supported by the evidence about people's habits concerning international news and current affairs. Approximately 94 per cent of Australians rely on television, newspapers and radio as their main source of international news, with five per cent turning primarily to the internet.

Adding weight to the argument that the internet contributes little to pluralism in Australia's democracy is the fact that even when people do access the internet for information on political issues, they rely on sites that are either controlled by traditional media providers or draw their content from traditional media sources. Statistics compiled by Roy Morgan Research show that around 25 per cent of the population regularly use the internet for domestic news and current affairs, but that 90 per cent of these users rely on a small number websites that have a close association with traditional media providers. In all, it is unlikely that more than one per cent of the population rely on a non-traditional source for their domestic news and current affairs.

Whether media is new or old, digital or analogue, is irrelevant in the context of concerns about pluralism if the information provided to consumers is sourced from the same media provider. Far from undermining the rationale for the existing cross-media ownership laws, the permeation of the traditional media players into new media markets such as the internet, reinforces their value. News gathering is an expensive and time consuming process. Hence, to date, new service and delivery platforms have mostly sought to extend the economic advantages of the established media entities rather than providing a forum for new media providers that is capable of undermining the dominance of the old.

The patterns of media delivery, consumption and ownership will change in the future and may result in a more diverse public sphere. However, at present, the internet is incapable of ensuring plurality in Australian democracy. Too few Australians access it for their news and amongst those that do, the overwhelming majority rely on a repackaged form of the mainstream news. Consequently, repealing the cross-media ownership laws will risk a further concentration of an already concentrated media sector, thereby threatening the integrity of our political system.

These concerns appear to be widely held in the Australian community. A Newspoll survey conducted in 1995 explored this issue, asking whether respondents thought it is important that 'there should be a lot of different proprietors of Australia's media'. Seventy eight per cent of respondents thought it was important, with support for this view being fairly consistent across age groups and socio-economic status (Newspoll 1995). Similarly, according to the Senate Inquiry into the *Broadcasting Services Amendment (Media Ownership) Bill 2002*, which considered loosening the cross-media rules, the submissions:

contained almost no support from members of the general public, staff associations or consumer groups. Almost all of the support for the Bill came from media proprietors only (SECITALC, p. 49).

It seems that the former Prime Minister and architect of the existing laws, Paul Keating, was correct when he remarked that 'policy changes of this kind are always sold on phoney arguments and an almighty sleight of hand' (Keating 2005).

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