

THE CONVERSATION

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Archaic cross-media ownership laws won't save local content

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Consumers have never had more choice, but does that mean more local content? Shutterstock

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Communication minister Malcolm Turnbull's **proposal** for changes to cross-media ownership laws has reignited calls for the government to protect local content.

On the surface, it appears reasonable to expect government to regulate for the provision of local news coverage. Indeed, Nationals leader Warren Truss wants to ensure that "genuine localism" is maintained should there be any changes to cross-media ownership laws.

With Australia's population concentrated in the larger metropolitan regions, "the bush" is rarely seen as a profitable market for commercial media operators, hence the assumption that government should intervene. But are traditional concerns about content versus carriage relevant in the NBN era?

Content is one thing...

Nine Network chief David Gyngell has labelled Australia's media ownership laws "archaic", arguing media companies will struggle to invest in their local news content without the ability to expand beyond the current level limited by the law.

Commonly referred to as the “two out of three rule”, ownership of more than two of either television, radio or newspaper services in a given region is prohibited. And no individual provider is permitted to reach more than 75% of the population. Further, regional free-to-air broadcasters are required to provide local media content throughout Tasmania, and regional areas of NSW, Queensland and Victoria. It is likely that any consolidation of existing media interests will signal the end of regional broadcasters WIN TV, Prime Television and Southern Cross. But will this mean the end of local content?

Carriage is another...

When you can access global content via NBN, the distinction between television, radio and newspaper will no longer matter. And how can you limit a provider's online reach? Improvements to broadband, driven by the NBN, enable global content to be consumed ubiquitously. Consequently, restricting cross-media ownership for the sake of parochial interests will only assist global competitors. Existing ownership rules restrict the business models available to local firms.

With global competition, it is folly to think that government can legislate for localism. Today, major portions of content on television and online are actually generated by consumers (famously labelled “prosumers” by Alvin Toffler in 1980). However, old-school localism is substantially one-sided.

The former Australian Competition and Consumer Commission chief Graeme Samuel argues the issues of carriage and content are being confused. If there is demand for local media content, then the market will deliver it. This view reflects the global trend towards the reconvergence of the communications industries that were deliberately segregated during the 19th century.

The concept of the common carrier emerged to ensure telegraph operators could not control the distribution of news stories to newspapers. Obviously, regulating carriage in an era where television, radio and newspaper content can all be delivered via the internet is rather passé.

Part of the cross-ownership legacy is the way we watch television. Many lounge rooms are dominated by a television. Consequently, free-to-air programs remain popular as it is comfortable to simply sit down and watch TV. But devices such as the Xbox and Telstra T-Box enable online content from global providers (such as Youtube and Netflix) to be watched in the same manner. This means the government's ability to protect local content through regulation will be increasingly over-stated as online content becomes part of our ingrained habit of consuming television programming. Indeed, the government has indicated it is **unwilling** to prevent Australians from accessing legitimate services from overseas providers.

Defining localism

Often neglected in this debate is whether localism ever existed in the first place. Until the 1990s, regional areas such as Queensland's far north had only two local television stations. Local, yes, but hardly diverse. And viewers had virtually no ability to participate in the development of local content. Localism is much more than simply requiring commercial television stations to provide local news services. Which begs the question: what is “genuine localism”?

Broadband services certainly enable greater consumer participation in news media production. And the rise of Facebook and Twitter have seen changes in the ways that news media content is consumed.

Discrete groups of like-minded individuals sharing information via social networks would be the closest thing to a “genuine” localism. But how any Australian media provider can compete in this global space with one of its three “arms” tied behind its back is anybody’s guess.

The traditionally separate news media carriage services do not have the influential power they once had. The reach of news media services is not restricted by the type of infrastructure used. These older telecommunications and broadcasting networks were necessarily controlled by national governments and regulating content was much more practicable. The reconvergence of news media services, facilitated by NBN, makes the cross-ownership laws increasingly irrelevant.

Social networks transform the traditional top-down localism of television programming to a more participatory localism driven by consumers. This further erodes the relevance of Australia’s cross-ownership laws.

There are valid concerns for the regions that market failure may prevent local commercial news service delivery. But equally, regionally-focused companies with markets demarcated by outmoded ideas about communications technologies will not help.

Placing restrictions on cross-media ownership where the distinction no longer exists is hardly the recipe for a commercially viable and internationally competitive communications industry. Ideas about localism need to change too if the advantages of reconvergence are to be realised by Australian media companies. Indeed, regulating for localism may well benefit overseas competitors rather than the people it was designed to serve.

 [NBN](#) [Media ownership](#) [Malcolm Turnbull](#) [media diversity](#) [Television industry](#)