



Communications Review for the Digital Age

A submission from the National Union of Journalists

The NUJ welcomes the opportunity to submit evidence on behalf of 38,000 members working in all sectors of the media to this timely inquiry. **We would wish to be involved in the consultation at all stages through to the final legislation.**

Central to the NUJ's submission is the need to support **quality journalism** in the public interest. There can be much discussion about platforms, business models, regulations and technologies but central to this debate **must be the need to maintain and grow the availability of, and access to, quality journalism and information in the public interest across a range of providers.**

Whilst we share the Government's desire to achieve long-term, sustainable growth in the communications sector **we do not believe that the emphasis on deregulation is the way to achieve such a goal.** We believe media and communications access and plurality are essential to a democratic society at local, national and international level. To achieve such an aim regulation in the public interest is essential.

Growth, Innovation, Deregulation

Successive governments have adopted a strongly deregulatory approach to media ownership and the regulatory framework. That approach has failed citizens. In an age of media convergence regulation of the media and limits on ownership are more relevant than ever.

In the 1980s and 1990s we saw enormous consolidation of media companies, increasing profitability and increased rewards for shareholders until a high point around 2005.

The onset of recession, coupled with massive debt and the continuing structural changes affecting the industry have hit media companies hard. The media industry is fundamentally profitable but the current business model is killing quality journalism. The recession or the internet did not cause the crisis in journalism. The economic situation and internet have accentuated and accelerated a process that can be traced back to the 1970s, when corporate ownership and consolidation of newspapers took off. It was then that new corporate owners started demanding bigger returns. To satisfy such demands, they cut journalists thereby undermining journalism. It has meant poorer

titles with fewer readers, greater reliance on corporate and political PR, a narrower range of stories, a democratic deficit in local communities and less media accountability.

Further consolidation would exacerbate this situation. £7.3bn was spent on mergers and acquisitions of newspapers between 1995 and 2007. In 1996, ownership of one-third of all regional newspapers changed hands. In the last six months of 2005, Johnston Press spent more than £500m buying local papers. As a result of all this activity there has been a marked consolidation of newspaper ownership – from 200 companies in 1992 to 87 by 2005 (of which 38 own just a single newspaper). Today there are just four companies who control over 72% of the market.

In commercial radio just four companies have an almost 80% share of the market. The case for such consolidation was then, as now, that it would offer the prospect of substantial economies of scale and cost efficient operation.

Instead the impact of consolidation on local newspapers and local radio has been a narrowing of the range and diversity of editorial voices and massive job cuts, sometimes driven by creating regional hubs/newsrooms or subbing pools covering a number of titles.

Ownership of the media should be considered separately from ownership of other assets.

In 2001 the Government published a consultation paper on media ownership that stated: *“a healthy democracy depends on the culture of dissent and argument, which would inevitably be diminished if there were only a limited number of providers of news”*. The previous Conservative Government said: *“A free and diverse media are an indispensable part of the democratic process...”*

The Competition Commission in its evidence to the House of Lords Committee on Communications’ consideration of Ownership of the News stated: *“Media mergers in particular may raise plurality concerns in too few hands to the detriment of the quality of journalism and broadcasting”*.

The Committee’s report concludes that: *“We do not accept that the increase of news sources invalidates the case for special treatment of the media through ownership regulation. We believe that there is still a danger that if media ownership becomes too concentrated the diversity of voices available could be diminished”*

It further states: *“Neither the public interest considerations for newspaper mergers nor those for broadcasting and cross-media mergers include any requirement to establish that a merger will not adversely affect professional newsgathering and investigative journalism. This is a significant omission given the evidence which showed that it is the expensive job of news gathering that is suffering the most...there is no evidence that the*

economies of scale that consolidation brings necessarily lead to investment in news gathering". Indeed the contrary is the case.

The report recommends not only strengthening the public interest considerations but *"that the public interest considerations for newspaper mergers and broadcasting and cross-media mergers are amended to refer specifically to a need to establish whether a merger will impact adversely on news gathering"*.

Any amendment to the media merger regime should have that as a primary consideration with the ability to put enforceable conditions in respect of investment in news gathering and the production of original journalism on any merger.

BskyB

The NUJ remains deeply concerned about how the proposed News Corporation/BSkyB acquisition will affect media plurality. We are also conscious that the massive power of the planned News Corporation/BSkyB operation through financial and other resources which the merger would make available is inimical to the public interest. We do not believe the undertakings given stand up to proper scrutiny and experience in respect of previous reassurances given by Rupert Murdoch.

BskyB's heavy investments in infrastructure, broadband and HD TV are now complete, so the payoff in profits is rising. Operating profits are forecast to reach £1.2bn next year, a rise of £420m on 2009.

This financial power, combined with huge influence in terms of merged marketing and programming strength, can only damage the sustainability of the other media groups which are an important factor in media plurality, as well as strengthening any political or other causes which News Corporation/ BskyB or its proprietor chooses to support.

What could a healthier communications market look like?

The NUJ believes that, instead of deregulation and enabling greater consolidation the answer lies in action to support journalism and ensure greater growth, innovation, plurality and quality content.

Assistance is necessary in certain circumstances to help the industry move towards a more public service oriented industry with a range of ownership and business models and a diversity and plurality of voices.

It is vital therefore that serious consideration must be given to industry levies as an option.

Alongside our sister union Bectu and IPPR we recently undertook research in to the possibilities of levies helping to bridge a funding gap for public service content. Our full

report, Mind the Funding Gap can be found at <http://www.nuj.org.uk/innerPagenuj.html?docid=1212>

Levies are used in 30 European countries and raise over \$200m. Levies are popular with the public as a means of providing publicly important services.

A 1 per cent levy on pay TV operators such as Sky and Virgin Media would bring in around £70 million a year. A similar fee imposed on the country's five major mobile operators could generate £208 million a year. Making Google meet its full tax liability in Britain would boost the pot by a further £100 million.

Such sums would enable greater investment in the communications infrastructure and original UK content. It could save many local newspapers and websites from closing down, would stop the destruction of local and regional news on ITV and could help new media start-ups to plug the gaping holes in public service provision and encourage innovation – all without the taxpayer having to stump up any more cash and without having to raid the BBC licence fee.

In her evidence to the House of Lords Select Committee on Communications in April 2009 Dr Carole Tongue, former MEP and Chair of the UK Coalition for Cultural Diversity called for consideration of either a levy under which all non-public service broadcasters, including video-on-demand operators, should be asked to contribute towards the production of public service original content or an industrial levy under the Audiovisual Media Services Directive.

An alternative to a levy with a similar impact would be greater use of tax breaks. Tax credits could be given to those companies, across any platform, against clear criteria of delivering public purposes, providing public service content of a certain quality. Such credits would reduce costs and enable greater investment.

Without such action choice is restricted, plurality undermined and innovation stifled.

In addition there has long been public subsidy for media – tax breaks, special postage rates, exemptions from VAT and so on. Several European governments are experimenting with ways to support news gathering. In France the government has launched a programme where every French citizen on their 18th birthday will be given a year's free subscription to a newspaper of their choice, with the hope it both stimulates newspaper readership and encourages newspapers to improve to win part of this lucrative market. In Sweden the government set up an independent body to allocate subsidies to newspapers on the basis of circulation and revenue data.

The question then is what type of assistance could be given. Among the many options are:

- Tax breaks for those who meet clearly defined public purposes

- Giving individuals annual tax credits for the first £200 they spend on daily newspapers which meet criteria around original journalism
- Eliminate postal rates for current affairs/news periodicals that garner less than 20% of their revenue from advertising
- Provide tax credits for online subscriptions
- An expansion of funding for public and community broadcasting at a local level with a requirement that the majority of the funds are used directly for original journalism

A communications infrastructure that provides the foundations for growth

The NUJ is supportive of the improved roll-out of broadband services which will have the potential to improve access to quality news and journalism.

Not only is quality content important with regard to encouraging take-up of new technologies but it is also important in ensuring that we maximise the benefits to society of the digital networks.

The government should consider the greater exploitation of regulatory assets – including making more spectrum available for the provision of HDTV services by broadcasters who meet public service requirements. Revenues from any spectrum sale should be used to support original UK public service content.

In addition, to ensure the full range of talents and skills are available there should be a statutory duty to provide training and promote equal opportunities. In respect of this further action should be taken to enforce the National Minimum Wage and act against the growth of unpaid internships that deny opportunity to aspiring journalists from lower socio-economic backgrounds.

Creating the right environment for the content industry to thrive

All recipients of public subsidy would be required to make available content free online to help build a more engaged and informed citizenry.

Such a stimulus package could help sustain a vibrant press, it could help stimulate new media and help save the jobs/provide work for hundreds of journalists losing their jobs, saving their skills and experience and preventing their unemployment adding to the calls on the public purse through benefits.

The Regulatory Framework – PCC

The PCC's failures to properly investigate allegations of phone-hacking and disreputable editorial practices at the News of the World have exposed again its shortcomings as a regulator.

The NUJ believes in self-regulation but in the absence of a robust system of regulation acting in the public interest self-regulation is brought into disrepute and the threat of statutory regulation looms ever larger.

In order to boost self-regulation the regulator should have its membership widened, its powers enhanced to enable it to impose financial penalties and a conscience clause for journalists, as recommended by the House of Lords Committee on Communications. The PCC should be subject to the Freedom of Information Act.

The Regulatory Framework – Ofcom

UK newspaper websites operating TV-like services should be brought under the remit of Ofcom and be required to adhere to the European Audio-Visual Media Services Directive codes.

We oppose proposals to reduce Ofcom's role. However, we support significant changes to Ofcom's statutory duties and remit and role to ensure it is primarily required to regulate on behalf of citizens rather than consumers.

Intellectual Property

We note that the Review will have regard to the Hargreaves Review. The creative sector has a huge economic value but to continue to ensure it does in the future it is necessary to protect the rights of creative workers at a time when digital piracy threatens both the income of current rights holders and acts as a disincentive to the creation of new works. Effective regulation which encourages and promotes creativity is required.

In this respect we commend the points made by the Creators' Rights Alliance submission, details here: <http://www.creatorsrights.org.uk/media/hargreaves-cra.pdf>

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