

Briefing Paper: The next era of news media

Part 4 - The impact of digital platforms ([full paper](#))

Landmark inquiry

Australia was the first country in the world in 2017 to launch a formal inquiry into digital platforms such as Google and Facebook. Since then, the US, Canada, the UK and Europe have launched inquiries and, in some cases, legal actions. The ACCC has also not ruled out legal action. The findings are globally significant for the media and consumers and are likely to be contested by the digital technology giants.

The Australian Competition and Consumer Commission (ACCC) completed its inquiry and handed its final report to federal Treasurer Josh Frydenberg on 30 June 2019ⁱ. The inquiry examined the effect digital search engines, social media platforms and other digital content aggregation platforms were having on competition, the supply of news and journalistic content, and the implications of this for media content creators, advertisers and consumers. It also wanted to determine whether these companies were in breach of Australia's Misuse of Market Power Law to block competitionⁱⁱ.

Throughout the inquiry, the ACCC was critical of Google and Facebook's ability to determine which news content users would see and in what order. These two companies account for over half of referrals to Australian news websitesⁱⁱⁱ, but the ACCC was clear in distinguishing them as more than distributors of content. The Media Entertainment and Arts Alliance (MEAA) made a submission calling for a range of safeguards for consumers and media companies, including compensation for media companies and content creators for use of their content^{iv}.

At the time of writing this paper, the Government had not yet commented on the final report or released it to the public. Preliminary recommendations released in December 2018 included^v:

- strengthened merger and acquisition law to address the market power of Google and Facebook;
- the formation of a regulatory authority under the ACCC to monitor digital platforms' use of algorithms and other activities that determine the ranking of news, journalistic content and advertisements;
- an independent review to design a platform-neutral regulatory framework for the media, communications and telecommunications industries;
- a mandatory industry standard for digital platforms to ensure copyright-infringing content can be taken down effectively and timely; and
- amendments to the Privacy Act to help consumers make informed decisions and have greater control over privacy and the collection of personal information.

The ACCC also looked into the idea of an ombudsman to deal with complaints and tax incentives and subsidies to improve the financial footing of journalism. In March, the UK review also recommended the creation of a new digital unit, more power to block mergers and an industry code of conduct^{vi}.

Facebook and Google under attack

Digital platforms, such as Google and Facebook, are being blamed for the downfall of many digital and traditional publishers, because of their appropriation of advertising revenue^{vii}. Between 2008 and 2017, newsroom jobs in US declined by 23%, including a 45% drop in newspaper jobs^{viii}. This included

significant job cuts at *Buzzfeed*, *Vice*, *Huffington Post* and *Yahoo*. Similar job cuts have been seen across Europe. In Australia, around 3,000 journalism jobs have been lost this decade^x. The ACCC estimated that for every \$100 spent on digital advertising in Australia, \$47 goes to Google, \$21 goes to Facebook and \$32 goes to all other websites^x.

In response to criticism over the handling of private data, Facebook CEO Mark Zuckerberg has said they are moving from open sharing towards a “privacy-focused messaging and social networking platform”^{xi}.

▶ **Who said what?**

The Digital, Culture, Media and Sport Committee, House of Commons UK, 14 February 2019^{xii}:
Companies like Facebook should not be allowed to behave like ‘digital gangsters’ in the online world, considering themselves to be ahead of and beyond the law.

Facebook, 28 June 2019^{xiii}:

Their effect would be to protect selected news publishers from competition while sacrificing benefits enjoyed by millions of Australian users and advertisers — all without evidence that anyone has misused market power... People, not regulators, should decide what they see in their News Feeds. The purpose of News Feed is to connect people to their friends and family and to content they care about, not to deliver specific levels of traffic to third-party sites.

Google, 28 June 2019^{xiv}:

The preliminary recommendations to impose regulatory oversight of ranking based on feedback from news publishers could result in Google’s algorithms being modified to better serve incumbent news suppliers’ interests to the detriment of the interests of smaller publishers and consumers.

ACCC chairman Rod Sims, 30 April 2019^{xv}:

Facebook and Google aren’t neutral players here — they own it, they make a truck-load of money from it and they have a responsibility for the impact they have on society. They have created this machine... I don’t think you can absolve yourself of responsibility for what happens on the platforms... I find that extraordinary and totally unacceptable.

The Australian journalist Adam Creighton, 25 June 2019^{xvi}:

News is also what economists call a public good, like national defence. Everyone has an incentive to free ride on its provision. It’s even more unusual than defence: we know what defence is. We don’t know how important the news is until it has been acquired. One page 4 article can ricochet around the country, enlightening people who didn’t pay a cent for it.

George Mason University Senior Research Fellow Christine A McDaniel, 27 February 2019^{xvii}:

...any policy changes should not overlook the role of these platforms in helping Australian small businesses sell goods to customers in the global marketplace.

News Corp’s Lachlan Murdoch, 20 June 2019^{xviii}:

They’ve taken our content, they’ve targeted our audience, they have then targeted our advertisers to monetise that audience... What it has led to and certainly in the United States, is bipartisan

focus on either how to regulate or do more dramatic steps to pull some of these technology platforms back.

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- ⁱ ACCC 2019, 'Digital platforms inquiry', ACCC, accessed 27 June 2019, <https://www.accc.gov.au/focus-areas/inquiries/digital-platforms-inquiry>
- ⁱⁱ Kemp, K 2017, 'Australia's New Misuse of Market Power Law: In Brief', Centre for Law and Markets Regulation, August, accessed 8 July 2019, <https://clmr.unsw.edu.au/australia-misuse-of-market-power-law>
- ⁱⁱⁱ ACCC 2018, 'Digital Platforms Inquiry: Preliminary Report', p. 31, December, accessed 27 June 2019, <https://www.accc.gov.au/system/files/ACCC%20Digital%20Platforms%20Inquiry%20-%20Preliminary%20Report.pdf>
- ^{iv} MEAA 2018, 'MEAA submission to the ACCC inquiry into digital platforms', p. 4, MEAA Media room, 10 April, accessed 27 June 2019, <https://www.meaa.org/mediaroom/meaa-submission-to-the-accc-inquiry-into-digital-platforms/>
- ^v ACCC 2018, 'Digital Platforms Inquiry: Preliminary Report', pp. 9-14.
- ^{vi} HM Treasury 2019, 'Unlocking digital competition, Report of the Digital Competition Expert Panel', Gov.uk, 13 March, accessed 8 July 2019, <https://www.gov.uk/government/publications/unlocking-digital-competition-report-of-the-digital-competition-expert-panel>
- ^{vii} Bell, E 2019, 'What 2,000 job cuts tell us: the free market kills digital journalism', *The Guardian*, 3 February, accessed 1 July 2019, <https://www.theguardian.com/media/2019/feb/02/what-2000-job-cuts-tell-us-the-free-market-kills-digital-journalism>
- ^{viii} Grieco, E 2018, 'Newsroom employment dropped nearly a quarter in less than 10 years, with greatest decline at newspapers', Pew Research, 30 July, accessed 1 July 2019, <https://www.pewresearch.org/fact-tank/2018/07/30/newsroom-employment-dropped-nearly-a-quarter-in-less-than-10-years-with-greatest-decline-at-newspapers/>
- ^{ix} MEAA 2018, 'MEAA submission to the ACCC's digital platforms inquiry'.
- ^x ACCC 2018, 'Digital Platforms Inquiry: Preliminary Report', p. 68.
- ^{xi} Zuckerberg, M 2019, 'A Privacy-Focused Vision for Social Networking', Facebook, 6 March, accessed 3 July 2019, <https://www.facebook.com/notes/mark-zuckerberg/a-privacy-focused-vision-for-social-networking/10156700570096634/>
- ^{xii} The Digital, Culture, Media and Sport Committee 2019, 'Disinformation and 'fake news': Final Report', p. 42, The House of Commons, 14 February, accessed 2 July 2019, <https://publications.parliament.uk/pa/cm201719/cmselect/cmcmds/1791/1791.pdf>
- ^{xiii} Taylor, J 2019, 'Facebook and Google likely to face new regulators for news and ads,' *The Guardian*, 28 June, accessed 8 July 2019, <https://www.theguardian.com/technology/2019/jun/28/facebook-and-google-likely-to-face-new-regulators-for-news-and-ads>
- ^{xiv} Taylor, J 2019, 'Facebook and Google likely to face new regulators for news and ads,'.
- ^{xv} Durkin, P 2019, 'Facebook and Google have no excuse, warns ACCC', *Australian Financial Review*, 30 April, accessed 1 July 2019, <https://www.afr.com/technology/technology-companies/facebook-and-google-have-no-excuse-warns-accc-20190430-p51ihl>
- ^{xvi} Creighton, A 2019, 'It may be news to Google, but democracy is at stake', *The Australian*, 25 June, accessed 26 June 2019, <https://www.theaustralian.com.au/commentary/it-may-be-news-to-google-but-democracy-is-at-stake/news-story/e47a5458727e3ce35a42ef74d1ea73ae>
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- ^{xviii} Drill, S 2019, 'Lachlan Murdoch lauds growth of company's business in Australia, says tech giants should face more scrutiny', *Herald Sun*, 20 June, accessed 27 June 2019, <https://www.heraldsun.com.au/business/companies/lachlan-murdoch-lauds-growth-of-companys-business-in-australia-says-tech-giants-should-face-more-scrutiny/news-story/e5ab19e6c3d89b0252ed4dfa11269723>