Australian Government

Australian Communications and Media Authority

Digital Platforms Inquiry: Issues Paper

ACMA Submission

APRIL 2018

communicating | facilitating | regulating

Canberra
Red Building
Benjamin Offices
Chan Street
Belconnen ACT

PO Box 78
Belconnen ACT 2616

T +61 2 6219 5555
F +61 2 6219 5353

Melbourne
Level 32
Melbourne Central Tower
360 Elizabeth Street
Melbourne VIC

PO Box 13112
Law Courts
Melbourne VIC 8010

T +61 3 9963 6800
F +61 3 9963 6899

Sydney
Level 5
The Bay Centre
65 Pirrama Road
Pyrmont NSW

PO Box Q500
Queen Victoria Building
NSW 1230

T +61 2 9334 7700 or 1800 226 667
F +61 2 9334 7799

Contents

Executive summary **1**

Part 1: Structures **2**

1.1 The ACMA's remit 2

1.2 Regulation of broadcasting content 2

1.3 Reframing the new communications landscape 3

Part 2: Behaviours and attitudes **6**

2.1 How Australians view media in transition 6

2.2 Changes to how Australians consume content 6

2.3 Changes to how Australians access news 8

2.4 Attitudes about regulation of content 9

Part 3: Observations **10**

3.1 Influence 10

3.2 'Fake news' and consumer trust 11

3.3 Diversity of voices 11

3.4 The economics of news and journalism 13

3.5 Privacy 13

3.6 Protection of children and young people 14

3.7 Shared responsibility 15

Executive summary

The Australian Communications and Media Authority (ACMA) welcomes the opportunity to make a submission to the Australian Competition and Consumer Commission's (ACCC) Digital Platforms Inquiry (the ACCC Inquiry). The ACMA is an independent statutory authority responsible for the regulation of broadcasting, radiocommunications, telecommunications and some online content.

Digital platforms have had a profound effect on the way that Australians access news, information, entertainment and other services. They have significantly disrupted traditional business models economy wide. That affect has been particularly profound for broadcasters and newspapers who have lost audiences, advertisers and revenues to the online world.

To date, digital platforms have been lightly regulated, reflecting in part the regulatory stance in their country of origin—the United States—with its emphasis on freedom of expression and entrepreneurialism. However, their rapid growth resulting in unparalleled reach, power and influence may raise questions about the appropriate stance for governments and their regulators going forward.

Despite the scale of change, the ACMA considers that many of the communications and media public policy objects that underpin the current regulatory framework remain highly relevant in digital environments. These include access to services, competition, network reliability and interconnection, efficient allocation and use of resources, national interest, diversity of voices, Australian identity, and values and safeguards.

The ACMA has grappled with the challenge of delivering public policy outcomes in a technologically dynamic environment. It already has significant experience in regulating online content—including that provided over digital platforms—given its historical responsibility for the online content scheme contained in the *Broadcasting Services Act 1992* (the BSA). More recently, it has taken innovative approaches to delivering its role overseeing online gambling laws. This has involved building strong ties with foreign regulators and developing a high international profile resulting in many offshore operators leaving the Australian market.

In the ACMA's experience, new and innovative approaches have been and will continue to be needed to deal with problematic online content and services. Close co-operation between domestic and international regulators and with industry is critically important.

The ACMA will be undertaking additional research, aligned with the ACCC's inquiry, to further its consideration of issues within its regulatory remit that are raised by digital platforms.

In the meantime, the ACMA looks forward to sharing its experience and rich collection of data and research about consumer behaviours and attitudes to content and platforms with the ACCC during this inquiry.

Part 1: Structures

1.1 The ACMA's remit

The BSA was enacted in 1992 when internet usage was in its infancy. At the time, the Australian media landscape was dominated by print newspapers and television and radio broadcasting services. These were the primary sources of news, information and entertainment for Australians earning significant revenues and with extensive reach into communities. In terms of news, these services were the primary sources of truth that people turned to, provided by large newsrooms of professional journalists, with strong and powerful proprietors.

Reflecting this, a central regulatory concept in the BSA is that of 'influence'. In line with section 4, the types of broadcasting services that exert the greatest influence are subject to the strongest level of regulatory rules. This includes rules around the ownership and control of broadcasting services and associated newspapers.

'Broadcasting service' is a defined term in the BSA. However, a ministerial direction made in 2000 excludes services that deliver programs 'using the internet' or that make programs available 'on demand' or on a point-to-point basis from the definition. As a result, most content delivered, produced or aggregated by or made available on digital platforms is not regulated under the BSA. As online services are not considered broadcasting services, there has also been no requirement for (or evidence of interest in) the online industry developing co-regulatory codes of practice.

That said, some harms relating to online services have been identified and brought within the regulatory framework of the BSA over time. Relevantly to this Inquiry:

> Schedules 5 and 7 to the BSA set out a scheme that prohibits certain offensive online content through a complaints-based mechanism now administered by the eSafety Commissioner. The Scheme is designed to protect consumers, particularly children, from exposure to inappropriate or harmful material. The scheme applies to content accessed through the internet, mobile phones and other devices, and content delivered through services such as subscription-based internet portals, chat rooms, live audio-visual streaming, and link services.

> Under Schedule 7, prohibited content includes content that has been classified or is likely to be classified: RC (refused classification); X18+; R18+ unless it is subject to a restricted access system; and MA15+ and is provided on a commercial basis (i.e. for a fee) unless it is subject to a restricted access system.

> Under the recently introduced Schedule 8 to the BSA, the ACMA will regulate the provision of gambling advertising during live sport streamed online.

The ACMA also regulates online content under the *Interactive Gambling Act 2001* and the *Spam Act 2003*.

1.2 Regulation of broadcasting content

The BSA has a range of policy objects, including: to promote a wide range of broadcasting services; to encourage commercial broadcasters to be responsive to the need for fair and accurate coverage of matters of public interest; to promote the role of broadcasting services in developing and reflecting a sense of Australian identity; to encourage diversity in control of influential services, and to encourage the provision of content that aligns with community standards.

The framework for the regulation of content broadcasting services combines direct regulation and co-regulation.

Examples of matters regulated directly by the BSA include captioning and minimum requirements for both local (regional) and Australian content.

The BSA's co-regulatory framework requires each broadcasting industry to develop its own code that provides appropriate community safeguards about broadcast content. Codes cover matters such as accuracy in news, impartiality and fair treatment, amount of advertising, material that might cause offence or distress and classification.

Broadcasters are responsible for the content they broadcast and for resolving complaints. The ACMA will usually get involved if the complaint is not resolved satisfactorily by the broadcaster and it would be in the public interest for the ACMA to investigate. These rules only apply to broadcast services and do not apply where a broadcaster provides content via online platforms.

1.3 Reframing the new communications landscape

The platform specific regulatory approaches in the BSA have struggled to keep up with technological developments. They apply largely to technologies and business models that pre-date the internet and other data-enabled technologies, including the emergence of digital platforms.

The ownership and control limits in the BSA for many years kept media assets in silos—with media proprietors allowed to be either 'princes of print' or 'queens of screen'. However, over time many of these publishers and broadcasters are now 'media companies', with a mix of asset types. Business models have shifted with the acquisition of different assets, but other regulatory requirements, such as rules about how content is delivered and what can be broadcast, have heavily determined the business models of these traditional players.

Unsurprisingly, a number of assumptions that were valid at the time these frameworks were developed are increasingly under pressure as technologies and markets evolve.

For example, the BSA regulates:

> licensed broadcasters delivering service types and content within planned licence areas
> a finite group of people who own and control content services regarded as especially influential that is, commercial radio, commercial television and 'associated' printed newspaper.

Key enforcement options in the BSA are linked to the licensing regime (such as the imposition of additional licence conditions or the ultimate sanction—licence cancellation).

This approach distinguishes between broadcasting services and other content delivery services. It regulates the former but rarely the latter. It is an approach that is proving less and less aligned with how Australians are consuming and creating content and their expectations as audiences and consumers.

In 2016, the Department of Communications and the Arts (the Department) conducted a broad review of the ACMA (the Review). The Review noted that the distinction between the traditionally well-defined industries of telecommunications, broadcasting and online is now largely redundant and the business models and nature of the firms operating in the broader communications sector are rapidly changing. Further, it noted the ability for one service provider to deliver the same content to different devices over different networks has led to inconsistent regulatory treatment.

In response, it made a number of recommendations that would facilitate a more contemporary focus for the ACMA. These changes would allow it to achieve the Government's objectives while operating with a greater focus on the changing market.

One of the key recommendations reframes the new communications landscape as a horizontal 'stack' of services and activities, with each layer in the stack providing services to the layer above and concurrently depending on the layers below. It sees the ACMA's remit as spanning all these layers. Although the layers are not always clearly distinguishable, because they are deeply interconnected, the four broad layers are described below:

> **Applications/content layer**—This includes content delivered on subscription and free-to-air digital television or delivered over applications such as iView, Netflix and Stan. It also includes software applications or platforms that support additional functionality, including the ability to make voice and video calls.

> **Devices layer**—Devices are an essential means to access communications networks. Devices include televisions, radios, mobile phones and tablets.

> **Transport layer**—The transport layer provides the intelligence needed to support applications and functionality over the network.

> **Infrastructure layer**—The infrastructure layer includes the passive infrastructure and electromagnetic mediums that support the transmission of raw bit streams over a physical medium.

The Review drew on work done by the ACMA in 2011[1] and the Department in 2013[2], and on its own information-gathering, to round out a list of enduring policy objectives in communications legislation that remained relevant in the face of recent technological change.

These include:

> **Access to services / participation in society**—Citizens should enjoy reasonable and equitable access to communications infrastructure, services and the content necessary to promote their effective participation in society and the economy. Increasingly this extends to 'digital literacy'.

> **Competition**—Markets should be open and competitive so as to encourage investment, innovation and diversity of choice. Regulatory settings should embody competitive neutrality across platforms and among market participants and minimise potential market distortions.

> **Network reliability and interconnection**—Networks should operate in an efficient and effective manner. A unique feature of communications networks is their interconnected nature where multiple and co-dependent parties all require, and must themselves contribute to, an assured level of service. The requirement to offer any-to-any connectivity is critical to the efficient functioning of most communications networks.

> **Efficient allocation and use of resources**—Policy settings should be coherent, appropriately calibrated and predictable so that a minimum level of service is available to all and public resources are used efficiently over time. This would include ensuring that radiofrequency spectrum is allocated efficiently, managed for technical and dynamic efficiency (i.e. efficient use over time) and efficient pricing. This should be balanced with rights holders being able to secure an appropriate return on their investment and/or intellectual property.

> **National Interest**—The communications sector settings should reflect the national interest both domestically and through international forums (for example, radiocommunications planning is governed by treaty). Citizens should be confident that their use of these services is secure and they are protected, for example, from electronic attacks and fraud. Ensuring adequate access to spectrum resources for defence, national security, law enforcement, emergency services and other public

[1] *ACMA (2011), 'Enduring Concepts—Communications and media in Australia'.*

[2] *Department of Communications (2013), 'Deregulation in the Communications Portfolio', Policy Background Paper No. 1, pp. 4–5.*

and community services (such as meteorology and the scientific research community) is also important.

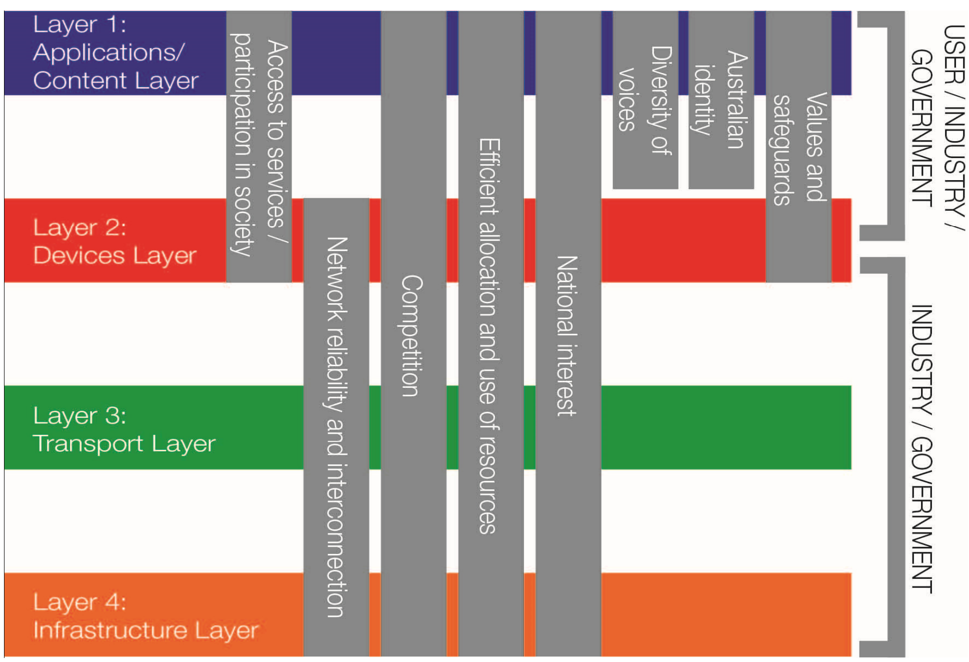
> **Diversity of voices**—There should be a diversity of major information sources and perspectives expressed in the public sphere to foster an informed citizenry and healthy democracy. It is important that these information sources be fair, accurate and transparent.

> **Australian identity**—Australians should be able to experience Australian voices and stories when using or consuming media and communications services.

> **Values and safeguards**—Services should reflect community standards, meet community needs and be 'fit-for-purpose'. Users should be provided with effective and accessible avenues of complaint and redress if standards are not met. In relation to content, children in particular should be protected from harmful material.

Following is a diagram that illustrates where a number of these policy objectives related to the ACCC's Inquiry into digital platforms are likely to be most relevant, mapped against the horizontal 'stack' of communications services and activities.

Relevant policy objectives and their relationship to the communications layers



The scope of the ACCC's Inquiry falls mostly within the applications/content layer, particularly in relation to digital platform service providers and their impact on the level of choice and quality of news and journalistic content available to consumers. For this reason, our comments in the next two parts of this submission will focus on the ACMA's functions and regulatory objectives within this layer.

Part 2: Behaviours and attitudes

The ACMA's research program—research**acma—**supports it meeting statutory reporting obligations[3] and assists it in making regulatory decisions informed by evidence. It contributes to the ACMA's strategic policy development, regulatory reviews and investigations, and helps us better understand the agency's role within this changing communications environment.

Overall, the ACMA's research has found that Australian consumers and citizens have consistently shown an appetite for embracing new forms of communications technology and adapting their communications practices. It is clear citizens are engaging with content in a much greater variety of ways in widely varying degrees of intensity or attention and acting as content creators engaged in the production of news and opinion.

2.1 How Australians view media in transition

ACMA research has shown Australians' appetite for new ways to communicate and access content online and through digital platforms through their uptake of these technologies. Access to online media brings with it greater choice, personalisation and convenience, however for some users it brings challenges as they do not feel confident about using the technology or feel unsafe from the risks of being online. Broadcast television and radio remains a common activity for the majority of Australians.[4]

The internet is a huge repository of content—of greatly varying quality and interest. It is searchable and available to meet individual tastes and needs. Australians consider that online media has created opportunities for new voices and different views, through blogs and posting comments, compared with traditional media, which are seen as offering little opportunity for users to contribute. Social networks, such as Facebook and Twitter, are powerful ways for individuals to speak and be heard[5].

2.2 Changes to how Australians consume content

Each year, the ACMA publishes a communications report in which it examines viewing behaviours, including access to new and traditional services and devices, and engagement with traditional media, subscription services, online viewing and online news services. It also looks at industry developments and changes in the technology used to supply audio and video content and services.

In its report for the year 2016-17[6], some of the key findings included:

> Connectivity has continued to intensify—shown by an overwhelming majority of Australian adults (89 per cent) accessing the internet, with universal access among those aged 18–64. [7] This was reflected in the increasing number of internet subscribers and growth in volume of data downloaded.

> Consumers are diversifying their use of connected devices, with smart TVs becoming increasingly popular as a way to access the internet. The year to

[3] The ACMA has statutory obligations to report to, and advise the Minister, as well as to inform industry and the public in relation to telecommunications, radiocommunications, broadcasting and internet services.

[4] *ACMA-commissioned surveys as reported in the ACMA, Communications report 2016–17.*

[5] *ACMA, Digital Australians, Expectations about media content in a converging media environment, 2011.*

[6] *ACMA, Communications report 2016–17.*

[7] In the last six months to June 2017, as reported in the ACMA-commissioned surveys as reported in the ACMA, Communications report 2016–17.

June 2017 saw major telecommunications carriers making firm commitments for network investments, technology trials and commercial deployments of the Internet of Things (IoT).

> The mobile phone is now the most popular and most frequently used device to go online. The shift to mobile phone-only for communication continues, with 6.67 million Australian adults having a mobile phone and no fixed-line telephone at home.[8] The popularity of communications apps on mobile phones has also continued, with eight in ten (80 per cent) internet users having used an app to communicate at June 2017.[9]

Changes to screen content consumption

Broadcast television continues to remain the dominant media platform for Australians. However, the way Australians consume screen content continues to shift:

> The gradual decline in FTA TV viewing over the last six years continues. Time spent viewing FTA TV live increases proportional to age—Australians aged 65 and over are spending most of their viewing time watching FTA TV.[10]

> Australians are watching more TV-like content, with average viewing hours increasing in the year to June 2017. However, content is being consumed in a variety of different ways, which may include watching traditional linear TV or catch-up TV, as well as streaming or watching content on an SVOD service.[11]

> Online streaming continues to increase, with an estimated 3.7 million (paid and non-paid) SVOD subscriptions at June 2017, compared to 2.7 million at June 2016.[12] Consumer survey data shows that 62 per cent of Australians have at least one TV or video subscription or pay-as-you-go service. A Netflix subscription is the most common type of service (41 per cent).[13]

Changes to audio content consumption

ACMA and industry research demonstrates that listening to the radio remains popular among Australian adults—more time is spent listening to traditional radio (AM and FM); however, use of digital radio is becoming more prevalent:

> At June 2017, Australian adults had spent 12.3 hours, on average, listening to the radio in the past seven days. Radio listening increases with age, with Australians aged 65 and over listening to the radio the most, for an average of 17.1 hours a week.[14]

> The use of digital radio has become more prevalent, with 30 per cent of people having a DAB+ radio at home and 28 per cent in their car.[15]

---

[8] Roy Morgan Single Source data, as reported in the ACMA-commissioned surveys as reported in the ACMA, Communications report 2016–17.

[9] ACMA-commissioned survey, June 2017, as reported the ACMA, Communications report 2016–17.

[10] ACMA-commissioned surveys as reported in the ACMA, Communications report 2016–17.

[11] Deloitte, Media Consumer Survey 2017, Australian media and digital preferences, sixth edition.

[12] Telsyte, 'Streaming video on demand a hit in Australia: Subscribers up 30 per cent', media release, 8 August 2017, as reported in the ACMA, Communications report 2016–17.

[13] ACMA-commissioned surveys as reported in the ACMA, Communications report 2016–17.

[14] ACMA-commissioned survey, June 2017, as reported the ACMA, Communications report 2016–17.

[15] ACMA-commissioned survey, June 2017. Comparable to industry data from GfK, DAB+ Digital Radio Report 4, 2016, as reported in the ACMA, Communications report 2016–17.

> Australians spent an average of 10.7 hours a week streaming online music services.[16]

> In the first quarter of 2017, 72 per cent of Australians aged 12 and over were familiar with podcasting, while only 10 per cent had listened to a podcast in an average week.[17]

2.3 Changes to how Australians access news

For Australian adults, the preferred source of news in June 2017 was terrestrial TV (38 per cent), with websites at 27 per cent and social media at 17 per cent. Of all the age cohorts surveyed, those aged 18–24 used social media as their main news source (38 per cent), although this declined from 41 per cent in 2016.[18]

Research undertaken by the ACMA also indicates that a growing number of Australians are choosing to consume their news via digital platforms. In the six months to June 2017, 12.73 million Australians accessed an online news site.[19] More free online sources means competition between news sources has intensified. With the advances of digital and online news, traditional newspapers have transformed in recent years into multi-platform news providers. While print newspaper circulation has continued to decline, digital newspaper circulation has increased. In 2016, the combined readership of print and digital newspapers was nearly 17 million Australians, compared to 16.4 million in 2015. Sixty per cent used both print and digital, while 19 per cent used digital only and 21 per cent used traditional print for their news.[20]

Australians are still largely reluctant to pay for news, with the wide availability of free online sources cited as the main deterrent. Industry research indicates that in 2016, only 13 per cent of people paid for news, an increase from 10 per cent in 2015.[21] Those who used social media as their main source of news had the lowest likelihood of paying for news (five per cent), while 83 per cent of those who had not paid for news would not be willing to pay for it in the next 12 months.[22]

The diversity of online referrals of news and entertainment has increased in recent years.[23] In 2016, Facebook and Google accounted for three-quarters (75 per cent) of all referrals to major news and entertainment sites, with Facebook (40 per cent) superseding Google (35 per cent) for the first time.[24] Four years ago, Google accounted for 40 per cent and Facebook 12 per cent of referrals. With Facebook and Google accounting for such a larger percentage, fewer than one-quarter of users come directly to a site or app.[25]

---

[16] *ACMA-commissioned surveys as reported in the ACMA, Communications report 2016–17.*

[17] *Edison Research, 'The Infinite Dial Australia study', Commercial Radio Australia, accessed 23 August 2017.*

[18] *News & Media Research Centre,* 'Digital news report: Australia 2017'*, University of Canberra, accessed 23 August 2017 as reported in the ACMA, Communications report 2016–17.*

[19] *ACMA-commissioned survey, June 2017, as reported the ACMA, Communications report 2016–17.*

[20] *PwC, Entertainment and Media Outlook 2017-2021.*

[21] *News & Media Research Centre, 'Digital news report: Australia 2017', University of Canberra, accessed 23 August 2017 as reported in the ACMA, Communications report 2016–17.*

[22] *Ibid.*

[23] An internet referral is similar to a recommendation from one website to another, typically as the result of a search, advertisement or sharing on social media.

[24] *K. Doctor, 'Facing the new Facebook reality: The numbers behind the fright', Politico Media, 7 November 2016.*

[25] *Ibid.*

2.4 Attitudes about regulation of content

ACMA research has shed light on Australians' attitudes about content regulation.

From its role in code review processes and community consultation, the ACMA has found high levels of strong support for maintaining community safeguards in the industry codes of practice for broadcasting services. These include: enabling adults to make informed decisions about accessing content based on their personal tastes and preferences; enabling parents and carers to protect children in their care from inappropriate or harmful content; ensuring accuracy, impartiality and transparency in certain factual material; and fair treatment and privacy.[26]

The research indicated these protections continued to be considered important in broadcasting despite access to an increasing range of converged media sources. This seems to be linked to an expectation that content standards and 'rules' are appropriate for professional content produced for broad audiences, which appears to be driven by the ongoing importance of 'traditional' broadcasting services in Australians' lives.

A 2011 ACMA research study[27] showed that consumers tend to transfer their expectations of regulation from traditional, familiar media to similar content accessed online. Whether professional content was broadcast or online, most consumers expected it to meet general community standards for taste and decency. There was less expectation for user-generated content, apart from the need for it to be legal, and meet the terms and conditions of use of the site to which it was posted. Participants in this study saw regulation providing important protections for professionally produced content intended for broad audiences, including protecting children from accessing inappropriate or unsuitable content online. While many saw this as the primary responsibility of parents, it was an area where participants thought there was also a role for both content service providers and government.

The ACMA proposes to do more research into community expectations about this issue.

[26] *Contemporary Community Safeguards Inquiry Consolidated Report March 2014.*

[27] *ACMA, Digital Australians, Expectations about media content in a converging media environment, 2011.*

Part 3: Observations

Despite the scale of change and its far-reaching impact, the ACMA considers that many of the existing communications and media public policy objects that underpin the current regulatory framework remain highly relevant in digital environments. These include access to services, competition, network reliability and interconnection, efficient allocation and use of resources, national interest, diversity of voices, Australian identity, and values and safeguards.

The ACMA will be undertaking additional research, aligned with the ACCC's inquiry, to further its consideration of issues within its regulatory remit that are raised by digital platforms.

It will also be looking at the methods for achieving these public policy outcomes in the face of the current and future technology and service developments. New and innovative approaches will need to be taken, working with domestic and international regulators and with industry, to deal with issues associated with problematic online content and services.

The following sets out our observations about some of the ways in which digital platforms are challenging the achievement of established regulatory objectives.

3.1 Influence

'Influence' is the power to shape public opinion and cultural identity. Influence can be understood in terms of social and cultural values, shaping how we see ourselves as individuals and as Australians. Influence can refer to media that has more impact, in particular that which combines visuals and audio. It can also be understood is as a persuasive 'voice', through the selection of what news is covered, how it is framed and presented, and how it is delivered.

Part 5 of the BSA sets out a mix of media ownership and control rules intended to limit the number of influential media operations that may be controlled by individual persons or entities.

There are increasingly contested views as to the levels of influence of newspapers and commercial television and radio in a digital environment; and about whether diversity in the ownership or control of media assets necessarily correlates with diversity of content and views.

Conversely, digital platforms facilitate the availability of news and analysis but are often not the producers of the information. They are intermediaries that curate news for their users. The basis on which search engines curate and rank results may impact the content a searcher receives and the return that flows back to the content creator. For example, sources behind paywalls may appear lower in the ranking if at all (unless the content provider releases free 'extracts' to facilitate a potential ranking). In addition, the auto-complete functionality of search engines may 'curate' pathways for large numbers of users to particular viewpoints or information sets.

There is an absence of transparency and understanding of the impact of these processes on the content made available online and how that content may vary from user to user. This lack of transparency makes it difficult for users to assess the quality of the results they receive and to evaluate whether or not they have been targeted based on profiling for economic or political purposes. The identity and motive of the person trying to 'influence' is most often hidden.

A 2016 UK study found that while 'digital intermediaries' such as Google and Facebook have the potential to manage and control access to online news content, users making choices about the content they consume also determines how content is prioritised and thus consumed. [28] This study also acknowledged that while traditional mass media platforms continue to remain highly influential, the trend is toward distribution by online platforms overtaking traditional media.

Digital platforms provide users with content, including news and opinion, they 'like' in order to increase their 'stickiness' to the platform, to ensure they continue to access the site and the associated advertising. The power to exclude news content they do not like reinforces set views and reduces exposure to alternative influences. Users may be oblivious to this.

It is increasingly difficult to measure the influence of media in this context. Audiences may engage with media for different periods of time and degrees of attention, and as part of a broader exposure to a range of viewpoints.

3.2 'Fake news' and consumer trust

The provision of news and analysis of matters of public importance is fundamental to a well-functioning democratic society. It allows citizens to engage in political and economic activity in an informed manner and enables the media to act as a watchdog over those in power to help ensure the accountability of governments and institutions.

The blurring of 'professional journalist' content and other content on digital platforms means that audiences are less able to identify, or assess, the 'authority' of content.

The public rise in 'fake' news in 2016 was a cause for concern for many Australians according to Deloitte's Media Consumer Survey.[29] Sixty-five percent of survey respondents who had accessed news through online sources were concerned about being exposed to fake news online, while 77 per cent believed they had been exposed.[30] More than half (58 per cent) of the respondents changed the way they accessed news material online to avoid fake news. This shift in consumer awareness about the trustworthiness of some news sources made available through social media, alongside concerns about foreign political interference and the spread of hate speech, has the potential to affect the proportion of people using social media as their main source of news over time.

Facebook recently announced it would prioritise 'authoritative' sources of news over other sources in their news feeds. This intervention might go some way towards addressing the 'fake news' concern. However, the fact it is a possibility at all highlights the power of 'curation' as a new locus of 'influence'.

Existing regulatory and self-regulatory structures designed to provide community confidence in the news and information they have available to them—which rely on the regulation of traditional news producers and the professional standards of journalists—may be less effective in this new environment.

3.3 Diversity of voices

Existing approaches to the promotion and preservation of a diversity of voices or viewpoints, focus on the licensing of a range of 'planned' different broadcasting service types and restrictions to the ownership and control of traditional media services in defined

---

[28] *Tambini, D. and Labo, S. (2016). Digital intermediaries in the UK: implications for news plurality. info, 18(4), pp.33-58.*

[29] *Deloitte, Media Consumer Survey 2017—Australian media and digital preference, sixth edition as reported in the ACMA, Communications report 2016–17.*

[30] *Deloitte, Media Consumer Survey 2017—Australian media and digital preference, sixth edition, as reported in the ACMA, Communications report 2016–17.*

geographic areas. These have the effect of ensuring a minimum number of 'voices' in a geographic area. There are also rules for commercial broadcasters focussed on ensuring that regional Australians have access to local content.

An approach based on geography is less suited to assessing the rise to ubiquitous reach of digital platforms.

A decade ago, academics suggested that the sheer space available online and via new platforms would lead to an exponential increase in the accessibility of content.[31] In addition, it was forecast that due to the generally 'lean forward' character of digital media consumption, (which assumes users are pro-active in seeking content rather than having it served to them), a much more engaged and intensive relationship with audiences could be constructed.[32] However, this does not appear to be the case. A study of 2,000 Twitter users in 2017 found that users were far more likely to interact with others from a similar political affiliation or share articles from publications that matched their views.[33] Additionally, algorithms are used by digital platforms to funnel particular content to users based on apparent preferences.

As noted above, the tendency for news consumers to link with like-minded people and online organisations, encountering ideas that support existing values rather than discovering new ones, means people are exposed to information that reinforces previously held beliefs. [34]

These developments suggest that while there may be greater amounts of news and journalistic content online, individual users are not necessarily experiencing a greater diversity of views.

The continued relevance of current methods to measure and monitor media diversity may need to be enhanced. For example, academic researcher Helle Sjøvaag has proposed that media diversity could be considered at five levels:

> structural diversity—environmental influences on news production including culture, technology, laws and regulations

> organisational diversity—ownership considerations and resource allocation

> production diversity—professional norms and news production practices including training, methods and sources

> output diversity—distribution and frequency of actors and topics in the news

> diversity of reception—the audience end of the communication process, considering whether people actually receive and consume a diverse diet of content.[35]

---

[31] *Ytreberg, E. (2009) Extended Liveness and Eventfulness in Multi-Platform Reality Formats, New Media & Society 11(4): 467–85.*
[32] *Champion, K., Doyle, G., & Schlesinger, P. (2012). Researching Diversity of Content in a Multi-platform Context. Innovation and Diversity in the Media Economy, Bruselas, http://www.gla.ac.uk/media/media_307054_en. Pdf (accessed 06 October 2016).*
[33] *Jackson, J. (2018). Twitter accounts really are echo chambers, study finds. [online] the Guardian. Available at: https://www.theguardian.com/politics/2017/feb/04/twitter-accounts-really-are-echo-chambers-study-finds [Accessed 4 Apr. 2018].*
[34] *Pariser, E. (2011). The Filter Bubble: How the new personalized web is changing what we read and how we think, Penguin Press. Referenced in unpublished research on News Media: Trust and Branding completed for the ACMA. Publication data TBC.*
[35] *Sjøvaag, H. (2016). Media diversity and the global superplayers: operationalising* pluralism for a digital media market. *Journal of Media Business Studies*, 13(3), pp.170-186.

3.4 The economics of news and journalism

The communications sector is rapidly evolving as an increasing amount of our social and economic activity is shifting online. It is being disrupted by a myriad of media services and by changes in technologies and business models that allow for the delivery of content and how it is consumed. There have been significant reductions in geographical barriers to entry for content creators and distributors. Substantially identical content is being made available via different distribution streams by different market players.

Newspapers and broadcasters have relied on an advertising-based business model, based on circulation or audience numbers. The business of newspaper publication has been fed by the 'rivers of gold' that flowed from classified advertising. The business of commercial broadcasting has been built on the capacity to amass large numbers of viewers and listeners for advertisers. The licence fees for commercial radio and television were introduced in the late 1950's/early 1960's as effectively a super profits tax, when there was no significant competition from electronic media.[36]

However, this advertising model is under extreme pressure as a result of falling circulation and audiences, the reduction of classified and other advertising revenue and the growth in programmatic advertising, as audiences fragment and go increasingly online.

News involving quality journalism is not cheap to produce and distribute. It has been traditionally labour intensive, requiring both national and local coverage, with large editorial newsrooms and expensive distribution networks.

Digital platforms have also pursued advertising-based revenue models with the distinct advantage of the significant user data they collect which enables them to better target advertising than ever before. This has made online an increasingly attractive channel for advertisers. In 2016, online advertising made up 48 per cent of total advertising expenditure, up from 25 per cent in 2012. By contrast, the share of television and print media advertising has declined, particularly print media, down from 33 per cent in 2012 to 13 per cent in 2016. Television's share decreased from 29 per cent in 2012 to 25 per cent in 2016. [37]

Digital platforms are also continually seeking new revenue streams built on their data collection and analysis (using algorithms, artificial intelligence as well as human intervention). Instead of simply supplementing their advertising-based models, these new data-driven activities appear to be increasingly at the heart of digital platforms' business models.

Given the extremely fast moving nature of change and the appearance of new services, it is difficult to foresee the future changes to distribution and the directions market players will take. For example, whether and to what extent, distribution platforms will become content creators and content creators will establish new paths of distribution. What is clear, however, is that online platforms that offer new content are challenging traditional funding models for print media and commercial broadcasters.

3.5 Privacy

The concept of privacy endures in the media and communications environment. Citizens are sensitive to breaches of privacy and how information about them is collected, shared

---

[36] *Senator the Hon. Mitch Fifield, Minister for Communications, Announcement of Media Reform Package, 6 May 2017.*

[37] *Commercial Economic Advisory Service of Australia (CEASA), Advertising expenditure in main media: Year ended 31st December 2016, April 2017.*

and monetised. Given the dependency of their business models on user data, privacy is a central issue in any review of digital platforms.

The privacy concerns raised by digital platforms can be broken down by reference to:

> identity—to protect a citizen's or consumer's personal or private information
> location —to protect information about an individual's location, activities or movements
> intrusion—to protect a citizen or consumer's personal space from unwanted intrusions
> reputation—to protect a citizen's name or reputation
> financial—to protect a citizen or consumer's financial or transactional information.

Digital platforms should provide an appropriate level of transparency about the way they collect, use and store data about their users, and the privacy controls including tools and policies, they make available to users.

Further, they should:

> meaningfully communicate to users how personal data will be accessed, collected, secured, used, shared and sold by the platforms and apps utilising them
> facilitate informed consent to terms and conditions of use and how that consent can be revoked
> advise users how to request information about the data held about them
> alert affected users when personal data is wrongly accessed or misused
> properly inform users about the functionality of privacy settings, how to enable them and their limitations
> explain to users how their profiles and usage will be monitored for profiling and targeting advertising.

Current attention on these issues is likely to result, at a minimum, in welcome change to the practices of digital platforms, which may give consumers greater awareness and choice about how their data privacy is collected and used.

For those users who do not accept the terms offered, there may be only one choice available to them—to discontinue using the platform. However, the potential for platforms to harvest data about non-users has been speculated upon and requires further examination, as does the question of whether depersonalisation of data—so that the individual is no longer identifiable—is adequately addressed by existing laws which focus on personal privacy information.

3.6 Protection of children and young people

User-generated social networks used by children and young people are pivotal and, from secondary school onwards, young people expect their peers to engage with these services. Children and young people's use of social networking services has become so ubiquitous, and the tools of those services so diverse in nature, that it has become a primary means of building, negotiating and presenting their social identities.

Information and education measures that assist online consumers are important to build confidence in online media usage. The Office of the eSafety Commissioner (Office) delivers a series of national cybersafety education programs to help foster the skills and confidence required by children and young people to safely use communications services. The Office also works cooperatively with its social media partners to remove cyberbullying material targeted toward an Australian child.

Australians increasingly consume 'like-content' from different platforms that are not subject to the same degree of regulation. In the broadcasting context viewers now watch 'television' content via websites of television broadcasters and access video on-demand from internet-enabled televisions. Consumers appear to bring their own expectation that traditional media regulation will apply to this sort of 'like-content', especially where it is professionally produced.[38]

The challenge of meeting community expectations in this environment was considered in detail by both the Australian Law Reform Commission's (ALRC's) Classification Review and the ACMA Review. Both recommended a classification-based scheme should continue but that this scheme should be platform neutral.

The ALRC's Final Report confirmed the major principles that have informed classification in Australia, such as adults being free to make their own informed choices, and children being protected from material that may cause harm—continue to be relevant and important. The ALRC further noted that while a convergent content environment presents significant and unique challenges, there continues to be a community expectation that certain content will be accompanied by classification information, based on decisions that reflect community standards.

The ACMA Review considered the ACMA's current investigative function for the classification of broadcast content and concluded it is well placed to administer a harmonised classification scheme. This would unite online and offline classification functions and include associated industry self-classification arrangements and electronic classification tools. This recognises the need for a new classification framework that is responsive to technological change and is focused on content rather than platform.

3.7 Shared responsibility

Users of converged media have been empowered by the open and participatory nature of the internet and technological changes that give them ever-growing control over what content they consume and how they consume it.

These developments challenge industry-specific regulatory models that rely principally on industry obligations and national regulatory remedies. It is becoming increasingly evident that it is no longer possible, nor perhaps appropriate, for governments, industry regulators and industry-specific bodies to do everything.

Responsibility for outcomes in media and communications must be shared between government, industry-specific regulators, multilateral institutions, suppliers and—importantly—users.

Nevertheless, there is also a demonstrable expectation among audiences that:

> Content will comply with some form of community standards.

> They will have access to advice about content.

> They will be able to complain when they consider that community standards have not been met. The importance of having access to effective avenues of complaint continues to have resonance in the online environment.

[38] *ACMA, Digital Australians, Expectations about media content in a converging media environment, 2011.*