

Written evidence from RadioCentre to the Culture Media and Sport Committee Inquiry into Media Plurality

January 2012

Introduction

1. RadioCentre is the industry body for commercial radio. Formed in July 2006 from the merger of the Radio Advertising Bureau (RAB) and the Commercial Radio Companies Association (CRCA), its members consist of the overwhelming majority of UK commercial radio stations, who fund the organisation.

Executive Summary

2. RadioCentre welcomes this opportunity to submit evidence to the inquiry on behalf of commercial radio. There is broad support in commercial radio for the concept of ensuring sufficient plurality in the media, to ensure that ownership is not unduly concentrated in a manner that would be against the public interest.
3. The current legal framework was clearly developed with this in mind, with successive Ministers emphasising the need to ensure that no single person controls too much of the media, and therefore does not have excessive power to influence opinions and set the political agenda. Consequently there are already a number of regulatory checks and mechanisms in place which, taken together, provide considerable safeguards. These include the public interest test for media mergers, the remaining cross-media ownership rules, the accuracy and impartiality requirements in the broadcasting code, the “fit and proper” test for holders of broadcast licences and the public service broadcasting framework in which the BBC and other public service broadcasters operate. In any future reviews of media regulation, we would urge Ofcom and Government to build on these established mechanisms rather than seek the support of parliament for an entirely new regulatory regime.
4. However, there are a number of principles that we would urge the inquiry to bear in mind when measuring plurality, and particular regards to Ofcom’s role. RadioCentre has responded to Ofcom’s invitation to comment on measuring plurality across media in November 2011, therefore some points raised in this submission will have general application to the wider media and some have a particular resonance for the radio industry.

Defining and measuring media plurality

5. We understand the Government’s desire to examine the extent to which plurality across media can be measured consistently and objectively. This approach is eminently sensible and has the potential to provide greater clarity and certainty for all concerned - whether media businesses, citizens or consumers, or the Secretary of State when being required to consider intervention in mergers that could give rise to public interest concerns.
6. However, the relevant or special merger situations involving media enterprises, including cross-media mergers, are complex undertakings that are a result of unique circumstances in each case. Therefore Government should resist the imposition of a rigid set of rules or thresholds that could be seen as binding. To do so might limit the flexibility available to the Secretary of State and his ability to examine each case on its merits, which is an important aspect of the current system.

7. RadioCentre believes improving the means of measuring plurality is important, and must be instrumental in any decision to intervene (or not) in a media merger. However, any proposed changes should not be used as a means of replacing the existing framework and the powers that parliament has vested in the Secretary of State through section 58 of the Enterprise Act 2002.

Broadcasting regulation/ internal plurality

8. Ofcom has stated previously that the regulatory framework *'does not on its own ensure a sufficiency of plurality of news'*¹ (a position also adopted by the Competition Commission in the Sky/ ITV case). However, RadioCentre believes that regulation should at least be recognised as a relevant factor in reducing the likelihood of a person influencing opinions and the political agenda.
9. In particular, broadcast regulation provides significant protection, due to requirements in the Communications Act that are incorporated in Ofcom's Broadcasting Code, which states that *'news in whatever form, must be reported with due accuracy and presented with due impartiality'*. This is a significant safeguard against potential influence on the news agenda by media owners. As such it would be sensible for Ofcom and the Secretary of State to take this safeguard into account when considering mergers involving broadcasters.

Use of multiple media platforms and media ownership

10. The broad range of media available to consumers is a further factor that should also be considered in assessing media plurality in the future. Radio represents only one of the many expanding range of news sources now available to consumers. These sources have increased significantly since the Enterprise Act 2002 and Communications Act 2003 were debated. Consumers now access content from an average of 2.9 different news providers in a typical week², with some estimates suggesting regular use of around 4 different sources.
11. Ofcom has taken the position previously that the dramatic changes in multi-sourcing of media are important but *'we do not believe we can rely on it to ensure sufficient plurality'*³. However, we believe that this must be a factor that is monitored closely and attributed greater significance when measuring media plurality, particularly as the consumption of multiple and interchangeable online news sources continues to grow

Nature and impact of news output

12. Ofcom has rightly considered a number of measures when advising on the ability of media businesses to influence opinions and set the political agenda. Understandably this starts with a number of conventional measures of media impact, including reach; share of minutes/ hours; share of references; and whether the medium constitutes a 'main source' of news.
13. However, RadioCentre believes that there are further nuances in some sectors (such as radio) that must be taken into account. For example, while Sky News (through its contract with IRN) supplies news content to commercial radio stations, this is a news supply agreement and it is the stations themselves that retain editorial control and produce the vast majority of bulletins, particularly in peak time.

¹ Ofcom 'Report on public interest test on the proposed acquisition of British Sky Broadcasting by News Corporation', December 2010, p.12

² Ofcom cross media audience research (2010)

³ Ofcom 'Report on public interest test on the proposed acquisition of British Sky Broadcasting by News Corporation', December 2010, p.13

Therefore it would be misleading to imply that commercial radio simply receives and broadcasts 'wholesale' news content from Sky (as Ofcom appeared to do previously⁴).

14. Moreover, commercial radio has sufficient safeguards to the editorial independence of news and current affairs coverage. Commercial radio bulletins consist mainly of short informative news headlines, providing listeners with the news they need to know rather than comment, analysis or opinion pieces. Therefore, because of the method news is provided it would be misleading to equate the reach of commercial stations that carry this news (over 33m listeners) with the reach of news on BBC radio stations (over 34m listeners). This does not take into account the extent of radio news listening on these networks, or the distinct nature of much commercial radio and BBC output.
15. Although commercial radio is still committed to providing news and information, the vast majority of its output is music and entertainment. Whereas the BBC's radio portfolio includes a national station that is obliged to broadcast 75% news (5 Live); a national station that broadcasts the country's most influential radio news programmes at peak times (Radio 4); and a local radio network that is predominantly speech and news based.
16. The different focus of these services is one of the reasons that media (and media businesses) have a differing ability to influence opinions. This is something that can be measured and assessed by the extent to which a medium is a main (or only) source of news and its relative importance to other sources, but also by considering the proportion of output that could be considered as news.
17. Ofcom indicated that it understands and appreciates this distinction when it considered the acquisition of Sky by News Corp in 2010. Specifically it stated that *'it is likely that estimating reach on the basis of all radio listening overstates the level of reach achieved in respect of national news listening'*, but that *'no industry data is available to estimate the share or reach of radio news'*⁵.

Impact of the BBC

18. Mergers in the radio sector should also be considered to be different due to the uniquely large public intervention in the sector in the form of BBC. The BBC's current share of radio listening sits at 55.4%. This is significantly higher than its share of any other media, including television where its overall share is around 30% (and declining).
19. This is a further reason why the provision of commercial radio news from a single source does not (and should not) raise issues of plurality. It also makes it difficult to envisage a situation where commercial radio ownership or consolidation would raise serious plurality concerns.
20. A more pertinent question, which is raised by the Secretary of State's letter on media plurality in October 2011, is whether and how the framework should apply to the BBC. While it is not appropriate for RadioCentre to suggest the solution to this issue, we would say that we agree that this matter merits further investigation, particularly given the BBC is our largest single news organisation.
21. As well as its dominance in radio, the BBC also has a significant advantage due to its unique ability to cross-promote its content nationally and locally across television, radio and online, irrespective of its public value. This promotion (across a network of services that are rightly prevented from carrying advertising) provides a reach and impact for its promotional activity, which is far in excess of what any commercial broadcaster could realistically achieve.

⁴ Ofcom 'Report on public interest test on the proposed acquisition of British Sky Broadcasting by News Corporation', December 2010, p.36-7

⁵ Ofcom 'Report on public interest test on the proposed acquisition of British Sky Broadcasting by News Corporation', December 2010, p.37

22. Although the BBC's growth across media is likely to be constrained in the coming years (following its fixed licence fee and plans to reduce projected budgets by 20% under the Delivering Quality First initiative), its position will remain relatively strong and stable, when compared to many of the more fragile commercial operators. Indeed it is still possible that the BBC could grow organically in influence and share in some sectors, whether due to its own actions or market evolution.
23. As such it could be perverse to limit the growth and development of viable commercial operations, particularly if these only represent a fraction of the BBC's market size, while ignoring the BBC entirely.

Conclusion

24. RadioCentre welcomes this inquiry and the helpful scrutiny that the Committee will be able to bring to the matter of media plurality. We share Government and Parliament's view that plurality of news provision is essential for our democracy, and we believe that this can only be achieved through ensuring we retain a vibrant and diverse media sector. We would be happy to provide further evidence or clarification to the inquiry if that was required.

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