

# We're tightening policy reins to hold tech juggernauts to account

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In 2017 our Liberal National government legislated substantial changes to the media regulatory framework — recognising how much the media landscape has changed in the past two decades with the rise of the internet.

But we did not stop there; we also charged the ACCC to conduct an inquiry into the impact of digital platforms such as search engines and social media platforms on competition in the media sector and, in turn, on consumers.

The draft report, released in December, has already provoked considerable discussion — not just in Australia but around the world. Last week Treasurer Josh Frydenberg and I released the final report — and committed that the government will deliver its response to the report before the end of this year.

As the report highlights, the phenomenal digital innovation of the past 25 years has delivered many benefits — and fundamentally changed the way media content is produced, distributed and consumed.

The numbers are extraordinary: 19.2 million Australians use Google every month, 17.6 million YouTube (owned by Google), 17.3 million Facebook and 11.2 million Instagram (owned by Facebook).

The report confirms that regulation in a wide range of areas has not kept pace with the rise of digital platforms — and the way new technology now provides many different ways for Australians to get their news, information and content.

On the competition policy

question, the ACCC finds Google and Facebook have substantial market power — and that they are

effectively “unavoidable trading partners” for many media businesses in Australia, with a high proportion of traffic to the websites of media organisations coming via Google and Facebook.

But the report’s 23 recommendations range across many policy areas — not just competition policy, but also consumer protection issues, data privacy issues and a range of media policy issues such as the impact on the production of quality journalism.

This report contains detailed analysis of the existing regulatory framework and the differing requirements on traditional media businesses such as free-to-air television, and on businesses that compete with them such as internet-based platforms.

For example, free-to-air and subscription TV providers face regulatory obligations to show a certain amount of Australian content — and of course to pay for producing or obtaining that content. But there are no such obligations on internet-based video streaming services.

The ACCC recommends that there is a need to develop a harmonised media regulatory framework to deal with these issues, and this is something the government accepts. As the ACCC notes, this will be a major exercise and it will need to be carried out in stages.

This work will form part of the way forward the government has announced in considering how we respond to all 23 recommendations, before announcing our formal response at the end of the year.

As part of that work, we need to hear from interested stakeholders. We also need to consider how the ACCC’s recommendations sit with work the government already has under way —

for example, the measures we announced in March to greatly strengthen regulation to protect Australians’ online privacy.

In preparing our final response to this report, the government is mindful of several factors. For one thing, while this report deals with the relatively new technology used by digital platforms, there is nothing new about the kinds of competition policy issues it addresses extensively.

When a business has 95 per cent market share, as Google does in online searches in Australia, that raises questions about whether other businesses are able to compete effectively — and in turn what the implications for consumers are.

We are also mindful that over the past 25 years governments in Australia and elsewhere have come a long way in our approach to regulating the internet. Internet-based businesses serve many millions of Australians, and they must comply with Australian law, whether based overseas or here.

Consider global automotive businesses: they might be based in Japan or Germany or Korea, but when they supply cars to the Australian market, they need to comply with Australian design standards set out in Australian law. There is no reason digital platforms should be any different.

The final important factor is that media regulation here has always considered economic policy issues but also the importance of Australia’s cultural identity.

As this 600-page report highlights in numerous ways, the rise of the digital platforms presents new complexities in how Australia’s cultural identity is reflected in the media Australians consume. But that does not mean we should give up on this objective; it means we need to think carefully how our media and cultural policy settings advance this objective in the digital age.