

News Corp leads charge against corrupt tech giants in probe

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Rupert Murdoch's News Corporation accused Facebook and Google of "anti-competitive practices" in one of dozens of submissions to a probe of the tech giants released Thursday by Australia's competition watchdog.

A total of 57 media companies, advertisers and journalist groups put forward their cases for changes in the operations of the internet titans, the Australian Competition and Consumer Commission (ACCC) reported.

News Corp, the country's main newspaper group, its main competitor Fairfax Media and commercial broadcasters led the charge in arguing that Facebook and Google's dominance of digital advertising significantly undermined the news industry.

"A number of digital platforms possess substantial market power and are engaging in anti-competitive practices that prevent publishers such as News Corp Australia from competing on the merits," the company said in a 144-page submission.

"These practices have the potential to profoundly damage the creation, distribution and consumption of news and journalism in Australia."

Murdoch and other executives from the company, which also owns The Wall Street Journal and the Times of London, have long led calls for Facebook and Google to "level the playing field" and pay news companies for their content.

But The Australian newspaper said the ACCC submission, by alleging market abuses by the two companies, "represents a dramatic escalation of hostilities".

The group stopped short of demanding regulation of Facebook and Google, saying "current laws may be sufficient to deal with our concerns".

"However, it may also be the case that some further legislative, regulatory and/or policy intervention or changes are required."

Fairfax complained that its main mastheads had seen their advertising revenue fall from Aus\$800 million (US\$600 million) in 1999 to just Aus\$225 million (US\$169m) in 2017 as Google and Facebook gobbled up digital advertising dollars. As a result, the group has shed hundreds of jobs.

But it also stopped short of demanding new regulations, saying this should be "a last resort", and argued instead for the digital platforms to work collaboratively on solutions for the news media.

Distancing itself from News Corp, Fairfax also opposed making platforms pay for news content, saying this would be "impractical" and pose risks for editorial independence.

Australia's main television broadcasters—Seven, Nine and Ten—demanded some combination of revenue sharing and tighter regulation of the tech companies' advertising activities.

"The ACCC must intervene to ensure that the competition for advertising revenue is occurring in a fair and effective manner," said the Ten Network, recently purchased by US broadcaster CBS.

In its own submission to the ACCC made public last month, Facebook opposed calls for tighter regulation, saying the rapidly changing digital landscape made the platforms "a challenging subject for regulatory intervention".

"Consumers often have the most to gain from market disruptions caused by technological change and the most to lose from interventions that are designed to protect particular business models from the effects of those changes," it said.

Google added in its submission that "changes in consumer and marketing behaviour have profound implications for traditional news business models. But they do not mean the death of journalism."

The competition commission is expected to publish a preliminary report in December, and a final report next year.