

Document updated regularly in 2009 and 2010 on the media agenda of News Corporation and the Conservative Party. March 2010 edition with the addition of a Government announcement in July 2010 on the Davies review.

News International, the UK subsidiary of News Corporation, took a decision to support the Conservatives ahead of the General Election, with all four of its national newspapers calling for their readers to vote Tory.

The following points demonstrate how the Conservatives in opposition and in Government have shaped their policy to match the demands of NewsCorp – on OfCom, on the BBC, on TV advertising, on regulation and on the proposed takeover of BSkyB.

- A joint attack on OfCom: James Murdoch attacked OfCom ahead of its review of the pay-TV market. (*"The current proposals by Ofcom to intervene in the pay-TV industry represent a threat to the climate for investment in this country."* James Murdoch, October 24 2009) David Cameron also attacked OfCom, singling them out in a speech on quangos, and promising to cut them back "by a huge amount" and ending their powers to set policy. (*David Cameron, the Conservative leader, said today that he would take away Ofcom's policy making powers and cut back the communications regulator "by a huge amount" if his party wins next year's general election. Cameron told BBC Breakfast he planned to save taxpayers money by slimming down Ofcom, including axing its communications department, and other public bodies if he becomes prime minister next year. "Give Ofcom, or give a new body, the technical function of handing out the licences and regulating lightly the content that is on the screens," he said. "But it shouldn't be making policy, it shouldn't have its own communications department, the head of Ofcom [Ed Richards] is paid almost half a million pounds," Cameron added. "We could slim this body down a huge amount and save a lot of money for the taxpayer."* Guardian, July 9 2009)
- Relaxing media impartiality rules: Rupert Murdoch says he would like Sky News to be more like Fox News; (*"Mr Murdoch stated that Sky News could become more like Fox without a change to the impartiality rules in the UK. "For example, Sky had not yet made the presentational progress that Fox News had. He stated that the only reason that Sky News was not more like Fox News was that 'nobody at Sky listens to me'."* Daily Mail, 24 November 2007) Jeremy Hunt reportedly plans to relax the rules on impartiality, paving the way for news channels like Fox News. (*"He [Jeremy Hunt] also set out far-reaching proposals to change the law to free commercial broadcasters from rules requiring political impartiality. 'We have to ask in a free society whether it's appropriate to have such tight regulations,' he said. This would pave the way for channels such as Rupert Murdoch's Fox News – which has been accused of promoting a Republican point of view in the U.S. – to come to Britain."* Daily Mail, September 18 2009)
- Loosen the time limits on TV advertising: James Murdoch complains about time limits on television advertising; (*"Next, the UK and EU regulatory system*

also tightly controls advertising: the amount of advertising per hour, the availability of product placement, the distinction between advertising and editorial and so forth. These rules often seem to have little connection with protecting people from real harm. As an example, Star Plus – one of News Corp's Hindi language entertainment channels - has been unable to show in the UK the Indian version of 'Are you smarter than a ten-year old?' because the logo of an Indian mobile phone company, which does not even operate in this country, appears on the set. What exactly are they afraid of? Excessive regulation can also have more serious consequences. The latest EU-inspired rules on scheduling of advertising restrict the number of ad breaks permitted in news programming. Television news is already a tough enough business. If implemented, these proposals could undermine the commercial viability of news broadcasting even further." James Murdoch, MacTaggart Lecture, 28 August 2009)

.The Conservatives also propose loosening the time limits. ("What we're saying as the Conservative Party is the government should move very, very quickly to relieve ITV of a lot of these regulations, for example how much it can charge for its advertising, how much advertising it can actually show, issues like product placement which wouldn't solve ITV's problems by any means but again would show...would give ITV an opportunity to raise extra revenue. We estimate that ITV could, if these regulations went, raise about £140 million and that's a significant amount of money that could be invested in programming." Ed Vaizey, BBC News Channel, 4 March 2009)

Relax restrictions on product placement: James Murdoch complains about restrictions on product placement; (*"Next, the UK and EU regulatory system also tightly controls advertising: the amount of advertising per hour, the availability of product placement, the distinction between advertising and editorial and so forth. These rules often seem to have little connection with protecting people from real harm. As an example, Star Plus – one of News Corp's Hindi language entertainment channels - has been unable to show in the UK the Indian version of 'Are you smarter than a ten-year old?' because the logo of an Indian mobile phone company, which does not even operate in this country, appears on the set. What exactly are they afraid of? Excessive regulation can also have more serious consequences. The latest EU-inspired rules on scheduling of advertising restrict the number of ad breaks permitted in news programming. Television news is already a tough enough business. If implemented, these proposals could undermine the commercial viability of news broadcasting even further." James Murdoch, MacTaggart Lecture, 28 August 2009)* And the Conservatives propose allowing product placement on television. *"what we're saying as the Conservative Party is the government should move very very quickly to relieve ITV of a lot of these regulations, for example how much it can charge for its advertising, how much advertising it can actually show, issues like product placement which wouldn't solve ITV's problems by any means but again would show...would give ITV an opportunity to raise extra revenue. We estimate that ITV could, if these regulations went, raise about £140 million and that's a significant amount of money that could be invested in programming." Ed Vaizey, BBC News Channel, 4 March 2009)*

- Restrict the licence fee: James Murdoch wants the licence fee cut; (*In a question and answer session at the MediaGuardian Edinburgh International*

Television Festival following last night's MacTaggart lecture, the chairman and chief executive of News Corporation in Europe and Asia suggested the licence fee should be reduced significantly. "If you simply constrained the expenses – with plenty of advance warning – the next [licence fee] settlement or something like that – [you say] the number is 'X'. We have got a huge debt pile in this country. We have financial issues. I think the BBC would prioritise pretty fast," Murdoch said. The Guardian, 29 August 2009) David Cameron agrees it is too high and announces the Tories will freeze it. (It [the BBC Licence fee] is too high." David Cameron, Sunday Times, 23 July 2006 "So today I want to make a small announcement that shows our expectation that government and all taxpayer-funded institutions should start by leading by example. The BBC is one of our most important national institutions, it plays a vital role in bringing our country together, I want to see it prosper and succeed and continue to be a fantastic cultural asset for Britain, but the BBC also needs to maintain public support and I want to see it leading by example at a time when the whole country is tightening its belt. So I can announce today that we would freeze the BBC licence fee for one year and we will be challenging the government over this in Parliament. I think that will be an important signal to the country of the need for all public institutions in these difficult economic times to do more with less." David Cameron, Monthly Press Conference, 16 March 2009)

- Blame boost in Google ad revenue on too restrictive TV regulations: James Murdoch complains that Google's advertising revenue is out-stripping television advertising revenue because of restrictions; (*Channel 4 has cut its programme budget by 10%, Five by 25%. Spending on original British children's programming has fallen by nearly 40% since 2004, including, inexplicably, a 21% fall at the BBC at a time when the Corporation has been able to spend £100m a year out-bidding commercial channels for US programming - a figure which has increased by a quarter in the past two years. The problems of the terrestrial broadcasters are not about the economic downturn, although it has thrown the issue into sharp relief. It is not a coincidence that Google has a higher percentage of advertising spending in the UK than anywhere else in the world: it is a consequence of a tightly restricted commercial television sector. James Murdoch, MacTaggart Lecture, 28 August 2009) The Conservatives concur and propose loosening regulation. ("Declining advertising revenue and increasing online competition have created particular problems for advertising-funded channels. Google's advertising revenue in the UK surpassed that of ITV in the first half of this year. Some predict Channel 4 will face a deficit of up to £100m by 2012. Both ITV and Channel 4 play unique and important roles. ITV invests nearly a billion pounds a year in UK-originated content. Channel 4's legal status means that it is able to play a vital role in providing an alternative platform for public service broadcasting content. In such a climate it is right to examine whether some of the regulations designed to ensure a level playing field are still appropriate." Jeremy Hunt, speech at LSE, 29 October 2008*
- Criticise BBC internet role: James Murdoch complains about BBC web presence and i-player; (*The land grab is spear-headed by the BBC. The scale and scope of its current activities and future ambitions is chilling. Being funded by a universal hypothecated tax, the BBC feels empowered and obliged to try and offer something for everyone, even in areas well served by the market. This*

whole approach is based on a mistaken view of the rationale behind state intervention and it produces bizarre and perverse outcomes. Rather than concentrating on areas where the market is not delivering, the BBC seeks to compete head-on for audiences with commercial providers to try and shore up support – or more accurately dampen opposition – to a compulsory licence fee. James Murdoch, MacTaggart Lecture, 28 August 2009 He said that the iPlayer was “a big step, a pre-emptive intervention” that was “squashing a lot of competitors”. Although he said “I am not saying the iPlayer is a bad product”, he made clear that he would rather it did not exist. Times, 24 April 2008 “The triumph of the free market surely indicates that broadcasting should be more like other industries. Not in the case of broadcasting, at least in the UK. Indeed, the UK’s main state broadcasting agency, the BBC, famously fantasizes about creating a ‘British Google’ -- and wants the taxpayer to fund it. This is not public service; it’s megalomania.” James Murdoch, Brand Republic (reporting speech at Ofcom conference), 1 December 2006)

David Cameron also complains about ‘the big boot of the BBC’ in these areas. (“And they do need to look very closely at the big boot of the BBC coming thumping into a new market and suddenly the internet service, the education provider, the small publishing businesses are completely squashed.” David Cameron, Sunday Times, 23 July 2006

“Local newspapers are a vital part of the fabric of small communities throughout the country, and are currently trying to re-invent their business model having lost much of the revenue that used to come from classified sales. As they move online, why should they have to face the additional threat of subsidised competition from the BBC’s plans for local video on demand? I don’t think they should and I hope the BBC Trust takes a strong stance on this proposal. This matters because plurality of media and broadcasting provision – especially when it comes to news – is vital to a healthy democracy and open society.” Jeremy Hunt, speech at LSE, 29 October 2008)

- Criticise BBC publications: James Murdoch complains about BBC purchase of the Lonely Planet guides; (*“The nationalisation of the Lonely Planet travel guide business was a particularly egregious example of the expansion of the state into providing magazines and websites on a commercial basis. It stood out for its overt recklessness and for the total failure of the BBC Trust to ask tough questions about what management was up to. James Murdoch, MacTaggart Lecture, 28 August 2009)* David Cameron complains about the BBC muscling in on smaller publishers; (*“And they do need to look very closely at the big boot of the BBC coming thumping into a new market and suddenly the internet service, the education provider, the small publishing businesses are completely squashed.” David Cameron, Sunday Times, 23 July 2006)*

- Stop BBC competing with commercial radio: James Murdoch complains about BBC competing with commercial radio sector; (*“Take Radio 2 as an example. A few years back, the BBC observed that it was losing share of listening among the 25-45 age-group, who were well served by commercial stations. Instead of stepping back and allowing the market to do its job, the BBC decided to reposition Radio 2 to go after this same group. Performers like Jonathan Ross were recruited on salaries no commercial competitor could afford,*

and audiences for Radio 2 have grown steadily as a result. No doubt the BBC celebrates the fact that it now has well over half of all radio listening. But the consequent impoverishment of the once-successful commercial sector is testament to the Corporation's inability to distinguish between what is good for it, and what is good for the country. Of course, this problem is compounded by the fact that there is no real oversight of this £4.6 billion intervention in the market, as the abysmal record of the BBC Trust demonstrates. So the breadth of intervention is striking and it is continuing to expand unchecked." James Murdoch, MacTaggart Lecture, 28 August 2009) Ed Vaizey floats the idea of selling off Radio 1 to allow commercial sector radio to use the frequency: ("Radio 1 is not fulfilling its obligation to its audience," he said. "Its median age is those in their thirties when it should aim much more at teenagers and [those in] their twenties. There is then a good argument for the BBC to be rid of Radio 1 and give the commercial sector a chance to use the frequency." Ed Vaizey, Sunday Times, 2 August 2009

- Coverage of the Ashes to remain exclusively on Sky: The Davies review called for the Ashes to be a listed event.
- Sky faced controversy after viewing figures for the Ashes fell from a peak of around 8m on Channel 4 in 2005 to around 1.5m on Sky in 2009. (<http://www.guardian.co.uk/sport/blog/2009/jul/15/test-cricket-broadcast-rights-sky>) But in July 2010, the Government announced it was shelving the findings of the Davies review, which called for the Ashes to be listed. ("This Government begin their consideration of this subject from the perspective of not wishing to increase-and ideally seeking to reduce-the degree of regulation faced by sports bodies and broadcasters while ensuring that viewers continue to have access to the biggest sporting events on free-to-air television, through live coverage or highlights. Furthermore, the current economic climate also points to us not taking action which could adversely impact on sport, particularly at grassroots level." Hugh Robertson MP, Written Ministerial Statement, 21 July 2010, <http://www.publications.parliament.uk/pa/cm201011/cmhansrd/cm100721/wmstext/100721m0001.htm#10072118000010>)
- Abolishing the BBC Trust before the charter expires: James Murdoch has repeatedly attacked the BBC Trust. ("It promotes inefficient infrastructure in the shape of digital terrestrial television; It creates unaccountable institutions - like the BBC Trust, Channel 4 and Ofcom" James Murdoch, MacTaggart Lecture, 28 August 2009) Jeremy Hunt confirmed he is considering 'ripping up' the BBC's Royal Charter rather than allowing it to run its duration until 2016 in order to speed up abolition of the Trust. ("We are looking into whether it would be appropriate to rip up the charter in the middle of it, or whether one should wait." Jeremy Hunt, Financial Times, 19 October 2009)