

# Submission to the ACCC Digital Platforms Inquiry

by

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## Terms of Reference

The Terms of Reference require the ACCC to hold an inquiry *'into the impact ...'* and lists five matters to be taken into consideration.

Although the Inquiry is *'not limited to'* just them, the ACCC is not expressly directed to inquire whether there are prospective opportunities for Australian entities to compete in the digital platform landscape.

Hence, by default the Terms of Reference instruct the ACCC to passively accept the domination of Google and Facebook in the relevant platform space, and inquire primarily on the impact they are having.

In the ACCC Issues Paper under the heading *'Potential outcomes'*, there is no explicit indication that the ACCC intends to seek out an Australian competitive response to those companies.

Whereas Churchill was prepared to fight on the beaches, on the landing fields and elsewhere, it seems that neither the government nor the ACCC has any desire to see established an Australian challenger to the invading foreign technology giants.

## The National Internet Platform

For a some time, Intran Australia Pty Ltd has been pursuing a venture to see established in Australia a *National Internet Platform*.

The *National Internet Platform* will be:

- An Australian company;
- ASX listed;
- With shares widely owned by the 'mums and dads' of Australia.

The primary goal of the *National Internet Platform* will be to:

- Promote to the global market, content for the internet, created by Australians;
- Give birth to a national content industry as a consequence;
- Generate export revenue from this activity;
- Encourage Australians to own its shares and obtain dividend revenue;
- Create jobs for Australians not previously envisaged.

As a by-product, the *National Internet Platform* will provide:

- A new medium for the Australian public to consume media content;
- Competition for the invading technology giants;
- A reduction in the huge drain of funds to offshore by them;
- A base for Public Interest Journalism to realise a sustainable future;
- An opportunity for our creative sector to become self-sustaining.

Creating a suitable business model for the digital age is a paramount. There are many examples of business models that have been shown to be archaic by digital disruption, perhaps none more so than that of the Australian feature film industry, described in the February 2018 Screen Australia newsletter:

<https://www.screenaustralia.gov.au/sa/screen-news/2017/02-28-94-films-a-commercial-analysis>

If there is a requirement for more evidence that this nation needs a **National Internet Platform**, then the recent publication (September 2017) by Screen Australia of a guide to **Communications for Online Originals** provides that evidence.

The guide recommends that creative people gain an understanding and a certain level of proficiency in a multitude of elements in a communications strategy including media relations, asset creation, building an audience, social media, search engine optimisation, direct marketing, website hosting, cross-promotions, paid advertising, performing live, public stunts, audience profiling, commercial contracts with foreign platforms and much more.

[https://www.screenaustralia.gov.au/sa/screen-news/2017/09-15-communications-for-online-originals?utm\\_source=email&utm\\_medium=enews-4-oct&utm\\_campaign=09-15-communications-for-online-originals](https://www.screenaustralia.gov.au/sa/screen-news/2017/09-15-communications-for-online-originals?utm_source=email&utm_medium=enews-4-oct&utm_campaign=09-15-communications-for-online-originals)

A **National Internet Platform** would relieve creative people of that necessity.

## 2. Industry Overview

In its Issues Paper under this heading, the ACCC discusses the past and the present, but not the future, even with regard to digitalisation.

This submission asserts that Australian news publishers, journalists and advertisers will gain a lift with the establishment of the **National Internet Platform**, with consumers also benefiting.

The **National Internet Platform** will employ a business model probably existing nowhere in the world. The business model is Intellectual Property and is not included in this submission.

The **National Internet Platform** will make available to journalists, advertisers and consumers a superior facility to that offered by:

- **big data technologies**, now attracting criticism from many quarters including their involvement in democratic elections;
- **algorithmic selection**, generating controversy over privacy, bias, manipulation, and discrimination;
- **programmatically advertising**, seen as an irritant to consumers, having the potential for brand damage, incurring non-transparent fees and charges, and attracting fraudulent practices.

### Senate Inquiry into Public Interest Journalism

It is expected that the ACCC will report on those issues that became public in the recent Senate Inquiry, albeit with more rigor and detail. Whether any substantially new information is revealed is another matter.

Of particular interest is whether the ACCC will advise the government on any opportunities in the digital platform landscape, as this submission does.

It is noted that on page 141 of the Senate report, Coalition Senators on the committee called for 'action and not more inquiries' although we now have one.

It is also noted that the Senate report contained no recommendations of substance that did not rely on raiding the public purse.

Soon after the announcement of the establishment of the Select Committee on 10 May 2017, the media reported the following statements by Committee Members (**my emphasis**):

- Senator Xenophon: "... Facebook and Google ... are cannibalising the content of Australian journalists. As a consequence we have a situation where **Australian journalism is in crisis.**"
- Senator Xenophon: "Media companies in Australia will **wither and die** unless we tackle the haemorrhaging of advertising revenue to Facebook and Google, which between them are hoovering up \$3.2 billion of ad revenue from the Australian market."
- Senator Ludlam: "We want to know, what is the **business model** that allows any entity – public, private, third sector, whatever – to keep well-resourced journalists in the field, keeping this building and its people accountable and serving up the news and information that we need to maintain a healthy democracy."

If the Senators were correct and we have a crisis, and there will be withering and deaths, then a lateral shift in thinking is required to find an appropriate business model. The **National Internet Platform** venture embraces such lateral thinking.

## Assessing the market power of digital platforms

In its Issues Paper under this heading the ACCC discusses how barriers to entry for new entrants in a market can be raised by:

- An entrenched market position;
- Contract terms that seek to prevent new entrants;
- The acquisition of potential rivals.

Not mentioned is the action or inaction of entities, not operating in the market, but inquiring or reporting on it.

One example already encountered is the Productivity Commission 2015 Inquiry into **Barriers to Growth in Service Exports**. The Productivity Commission failed to understand that the absence of a facility which is required for exports to occur, is a barrier to export.

Hopefully in this Inquiry, the ACCC will not fail to recognise the opportunity for Australia.

## ACCC Questions

Addressing just some questions:

1.2 Most definitely, yes.

1.3 and 1.4 The ACCC should not limit its reach in this regard. That would be detrimental to the opportunity that this Inquiry presents to content creators beyond that produced by the current focus of journalists.

1.5 and 1.6 What is often termed 'the culture' of a publisher is relevant. For example, the ABC has been criticised as a 'conservative free zone' with anyone having conservative views unlikely to be employed by that organization. News Corporation publications attract a different criticism.

The **National Internet Platform** would be open to diverse (geographic, consumer-age, topic), independent (it will not employ journalists), quality (accurate, objective, researched), news and content providers in current known formats, those yet to be made public, and not yet invented.

3.4 (a) The **National Internet Platform** will offer an alternative to consumers, advertisers and content creators. Its business model will allow it to compete very effectively.

3.4 (e) Difficulties in establishing a new platform: Dealing with gatekeepers unable to understand and think laterally, encountering entrenched people with small minds, argumentative and with negative attitudes, the Australian cringe ...

#### **Implications for media content creators (journalists and media organisations)**

3.6 The impacts are well described in the ACCC Issues Paper being primarily:

- the decline of print in this digital age, and
- the large migration of advertising spend to the platforms of the foreign tech giants.

The former is permanent. The **National Internet Platform** will arrest the latter.

3.7. Both are well known. The **National Internet Platform** will maintain the advantages and eliminate the disadvantages.

#### **Implications for advertisers**

3.13 See the comments above regarding **big data technologies** and **programmatic advertising**. Furthermore, the efficiency and effectiveness of the latter is questionable. The **National Internet Platform** will offer an entirely different positive opportunity for advertisers.

#### **Implications for consumers**

3.18 to 3.25: See above for the comments on **big data technologies**, **algorithmic selection**, and **programmatic advertising**.

Beyond these implications is a very large additional implication, not directly addressed by the ACCC Issues Paper. It is the estimated \$4 billion or more (and 'rising fast') of advertising spend that is transferred offshore (Senate Inquiry into Public Interest Journalism: Report chapter 2.12 & 2.13 & 4.28 & 4.29's discrepancy, and transcript 17 May 2017 page 11).

It was the elephant in the room of the Senate Inquiry and will be for this ACCC Inquiry also, whether acknowledged or not. The implication is obvious – the public will not see those funds remain in this country and used to benefit Australians.

#### **Longer-term trends**

3.26 The **National Internet Platform** will provide a new medium.

3.27 The **National Internet Platform** will provide a revenue producing facility for freelance journalists, particularly those covering local/regional/rural markets.

3.30 The **National Internet Platform** will change many things, and for the better for Australia.

3.31 As already stated, the business model for the **National Internet Platform** is Intellectual Property and not included in this submission. It will extensively assist in the commercial viability of delivering quality news in Australia.

***Existing regulation and proposals for change***

3.32 to 3.36 Presently, existing regulations applicable to the digital platforms suit the **National Internet Platform** and change is not proposed.

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