Summary of responses to the consultation seeking views on the undertakings offered by News Corporation 3 March – 21 March 2011

We received submissions from a range of stakeholders.

1. **Commercial and professional organisations**
   - BT
   - Slaughter and May on behalf of BT, Guardian Media Group, Associated Newspapers Limited, Trinity Mirror Plc, Northcliffe Media and Telegraph Media Group
   - Virgin Media
   - Trinity Mirror PLC
   - DTT Multiplex Operators Limited

2. **Lobbying groups**
   - DLA Piper on behalf of Avaaz

3. **Academic and industry observers**
   - Steve Barnett
   - Bournemouth Media School, Bournemouth University
   - Communications and Media Research Institute (CAMRI)
   - Jewish Funds for Justice
   - Media Matters for America
   - UK Coalition for Cultural Diversity
   - Campaign for Press and Broadcasting Freedom

4. **Unions**
   - TUC
   - BECTU
   - National Union of Journalists, Parliamentary Group
   - National Union of Journalists

5. **Direct submissions from individuals and MPs**

6. **Over 40,000 individuals** via an online campaign organised by Avaaz

Annex

Analysis of Responses

1. *Responses from commercial and professional organisations*

BT – (redacted version)

- BT expressed concern that News Corp has full control of Sky News for 9 month interim period when it can influence Sky News' future agenda. 3 months normally considered the maximum acceptable period. UILs will not prevent News Corp interfering in Sky News during this time, nor prevent the sharing of confidential information between News Corp and Sky News.
- BT considers that the UILs pave the way for News Corp to make a full bid for Sky News in 10 years' time. The impending expiry of the carriage agreement between BSkyB and Sky News that underpins viability of Newco will make it less attractive to competing bidders. The acquisition of further shares by News Corp in 10 years may not trigger a control review.
- **Not independently viable:** the UILs do not ensure the Newco is independently viable in terms of voting rights, directorships, the web of contracts between News Corp/BSkyB and Sky News and the insufficiency of independent contracts for Sky News.
- **Voting rights may be used by News Corp to undermine the UILs:** BT argues that as News Corp through BSkyB is likely to have a majority of voting rights at general meetings of Newco, it will enable BSkyB to block important resolutions. This could give News Corp control over an important source of funding for Newco and a share issue may be blocked by BSkyB.
- Newco will have no independent way of raising money and all Newco's revenue streams will have to come from third party contracts. BT says that third party contracts are a fragile basis for funding particularly when the principal contract Newco relies on is the carriage agreement. The UILs should ensure that Newco's borrowing powers are enshrined in the Articles.
- **The independence of the board is not guaranteed** since only one independent director has to have senior editorial/journalistic experience, this may result in a majority of industry experts on Sky News Board being BSkyB appointees. The single expert independent director will be the lynchpin for guaranteeing the board's independence and the UILs do not provide enough support; no fellow independent expert board members, no requirement that they should be present at meetings, no provision to cover for any long term absence.
- BT said independent non-experts may not have the experience required to probe some of the more complex board proposals.
- **Contracts can be used to frustrate the undertakings:** All of Newco's contracts will be with BSkyB and that this will give News Corp multiple opportunities to use BSkyB's contractual rights to frustrate the UILs. BT referred to a number of points as examples which are set out below:
    - The 10 year carriage agreement is not long enough to secure Newco's independence.
    - BT was concerned that the Brand Licensing Agreement might be used as a control mechanism by News Corp; the example given was an

obligation not to denigrate the brand could be used to control Newco's activities.

- BT thought that it was not satisfactory that the Carriage Agreement should end once the Brand Licensing Agreement ceases as they believe this prevents Newco from ending the Brand Licensing Agreement after the initial 7 year term in readiness for the Carriage Agreement elapsing.
- BT said that BSkyB and Newco being required to share premises and facilities for 15 years is all to BSkyB's advantage as it will bring huge scope for fertilisation and influence. BT said that the UILs should ensure that News Corp provides Newco with the financial means to be physically separate.
- BT say that the UILs should require advertising to be handled by a third party albeit funded by BskyB, as BSkyB may otherwise try to secure terms that advantage News Corp or BSkyB instead of securing the most attractive financial deal for Sky News.

- **News Corp can reacquire Newco after 10 years:** BT states that the impending expiry of the carriage agreement between BSkyB and Sky News will make Newco less attractive to other bidders, leaving the field open for News Corp. BT's concern is that a bid for Newco would not necessarily trigger the merger control provisions of the Enterprise Act as: gross assets may be below the £70 million threshold and may not increase a share of supply of 25% or more.
- BT believes that the Audit Committees powers are too vague to be effective. The corporate governance and editorial committee's powers are central to the UILs and are insufficiently defined. The UILs should set out Newco's obligations in greater detail including a requirement for breaches to be reported to the Editorial Committee and then reported to OFT or Ofcom who should be given formal responsibility for supervision of the operation of the UILs. UILs should require the head of Sky News to make representations to the Editorial committee on compliance with the principle of editorial independence.
- BT also state that there should be a requirement in the UILs for News Corp and BSkyB not to discriminate against Newco in their commercial deals, and to grant Newco no less favourable terms than a third party.
- BT in conclusion consider that the UILs pave the way for News Corp to make full bid for Sky News in 10 years' time and that the proposal should be referred to the Competition Commission to unpick the complexities of the UIL and ensure future of media plurality.

DTT Multiplex Operators Limited (DMOL) (redacted version)

- DTT Multiplex operators limited noted that New Corporation have undertaken to use all reasonable endeavours to transfer or make available to Newco capacity for one standard definition channel until the expiry of Sky's existing agreement in respect of broadcast of Sky News and ensure that Newco is provided with an EPG slot which is no work than Sky News current slot on Sky Platform.
- DMOL then noted that Sky has refused to enter into a LCN (Logical Channel Numbers) agreement or have discussions with DMOL about them. DMOL are

concerned that News Corporation's endeavours regarding Newco EPG slot are limited to Sky Platform alone and no consideration has been given to the provision of the Newco EPG slot on DTT. DMOL feel that Newco will have a more favourable view and long term commitment to the DTT platform.

- DMOL suggested that Secretary of State makes an LCN agreement by Sky with DMOL for Sky News a requirement of the acquisition and the agreement allows Sky News to take advantage of the DMOL LCN policy.
- DMOL confirmed that if Newco do not sign a DMOL LCN Agreement or receive the benefit of such an agreement via Sky it risks losing security over its current LCN and continued engineering support from DMOL for service information related changes.

Slaughter and May on behalf of BT, Guardian Media Group, Associated Newspapers Limited, Trinity Mirror Plc, Northcliffe Media and Telegraph Media Group– sent to Hugh Robertson MP and then forwarded.

- A letter was sent on behalf of the alliance of media organisation setting out why they believe the proposed undertaking will be ineffective and not achieve their stated aim of protecting plurality in news media. It also set out arguments why the UILs should not be accepted and the matter referred to the Competition Commission.
- **The letter argued that Newco will be in a state of economic dependency vis a vis News Corporation** as will rely on News Corp for 85% of its revenue and for access to the market via digital satellite BSkyB platform. Newco will also be tied into the royalty bearing brand licensing agreement with News Corp for the Sky News and other associated brands. It is felt that this will provide a means for News Corp to exert influence.
- **The safeguards for editorial independence are weak and of the sort that News Corporation has previously been adept at undermining.** Only one of the independent directors of Newco will be required to have editorial or senior journalistic experience. The remedy relies on an unspecified principle of editorial independence and the safeguards for staff are too legalistic and written in employment terms. They require editorial staff to put themselves into dispute with employers in defence of editorial independence which is regarded as an extreme and risky step. The proposal for a subcommittee of main board of Newco to oversee this is a remedy precisely of the sort that has previously been undermined by the News Corporation.
- **Neither OFCOM or OFT regard this remedy as a sustainable solution.** The Alliance feel that OFCOM's and OFT's advice about the proposed remedy only being effective in the short to medium term does not amount to advice as to the appropriate duration of the remedy.
- **The proposed consultation is insufficient** The alliance do not regard it as practically possible to prepare review and anticipate the complex effects of the proposals in a two week consultation period especially as some of the key elements of the arrangements have not been made public.
- **The remedy puts too much power in the hands of the Culture Secretary rather than independent regulators.** The alliance mention that there are at least seven different ways in which the Culture Secretary can be required to approve or agree to behaviours governed by the undertakings, which make them incredibly susceptible to more or less implicit political interference in

future. The undertakings to protect independence would be extinguished should News Corporation acquire over 50% of Newco. It was mentioned that this would require the consent of and consultation by the Culture Secretary. There were concerns that if it were to fall into economic distress a bid by News Corporation to increase its stake in Newco to 'save Sky News and protect plurality' can readily be envisaged.

- **The law to protect plurality has failed and needs urgent strengthening** The alliance agree with OFCOM that the current laws protecting plurality do not work well and urges a wider review with a view to creating a system that does not require a transaction to take place for issues of plurality to be examined by the regulator. They feel that the need for a review is intensified by the increase in market power that will be exerted by the merged News Corporation/BSkyB entity. They feel they will be in a position to restrict or distort competition through cross- promotion, bundling, banning rivals advertisements and distorting the advertising market with cross-platform deals.

Virgin (redacted)

Trinity Mirror PLC (also part of the Group of Media companies – but they submitted a separate submission)

- Trinity Mirror PLC (TM) believes that the proposed merger would have profound implications for their businesses, and also on plurality in the UK.
- They say Sky News's audience is boosted by being heavily promoted on other BSkyB channels. Under the new arrangements will Sky News be charged "rate card" for the time paid for advertising? If the time is to be given free or at a discount, Sky News becomes further beholden to BSkyB and therefore News Corporation and if it loses viewers it will become less viable.
- They doubt that Newco will have freely and publicly tradable shares.
- TM do not feel that the governance provisions in the remedy proposal can safeguard Sky News' editorial independence in circumstances where it is financially and commercially dependent on News Corporation.
- They mention that previous experience show that obligations of this type have not prevented News Corporation from influencing editorial policy.
- They also feel that you can rely on the independent directors to act as the guardians of editorial independence. They mention that the independent directors will have a legal obligation to promote the best commercial interest of Sky News, which equates to maintaining the financial support of News Corporation on which Sky news will be dependent.
- They feel that in reality there will be no independent external oversight of Sky News editorial policy.

2. *Lobbying groups who responded*

DLA Piper (submitted their response on behalf of Avaaz – the company responsible for the internet generated letters)

Comments relating to the Rupert Murdoch's/News Corp integrity

- There were a number of concerns raised about Rupert Murdoch and News Corporations fitness to own so much media including:
  - dumbing down the Times, turning the Sun into a porn magazine which is available to Children;
  - appear to tolerate or encourage illegal activity;
  - News Corp and Murdoch pay no or little tax in the UK; and
  - the quality and type of programmes currently broadcast on Murdoch's channels often one-sided political prejudice;
- disagree strongly with the government over the BBC and Murdoch has influenced policy regarding license fees.
- A number of respondents asked the Government to stand up to Murdoch and not to allow him to run the country.

Comments on Secretary of State's integrity

- Respondents made the point that the approval of the acquisition was favours being returned following Murdoch media's endorsement of the Conservative party at the general election.

Impact on BBC

- The merger would leave News Corp the undisputed dominant player in the UK's media market and able to dictate terms to both suppliers and customers. The combined revenues of BSkyB and News Corp will be 2-3 times that of the BBC while BSkyB alone has turnover of more than BBC and ITV put together.
- Some raised concerns about the impact on British broadcasting, in particular News Corp removing programmes from the BBC, therefore taking viewers to Sky. This reference is in relation to Rupert Murdoch recently purchasing daughters company Shine TV which produces some BBC shows.
- A number of people mentioned the Government trying to destroy the BBC with funding cuts.

Competition concerns

- Some respondents said that the EU does not have competence to deal with UK competition concerns. Also that the BSkyB primary market does not cross European borders.
- The massive dominance of one company should be a major concern to a coalition so committed to competition.

"Bundling" and "cross promotion" concerns

- The merger would put News Corp in a strong position to offer cross promotion, cross subsidising, advertising sales packages that span print, online and TV and to bundle newspaper subscriptions with SkyTV/Sky Broadband subscriptions. Many believe that BSkyB revenues will be used to support News Corp's non profitable newspapers leading to a negative impact on other newspapers facing difficulties due to declining circulations.

- If the proposed merger goes ahead there is a possibility that online versions of News Corporations newspapers will be given exclusive access to multimedia content from BSkyB's TV channels that BSkyB owns the broadcast rights to.

Other relevant comments

- That impartiality laws should apply to print newspapers and their online counterparts separating news from opinion columns.
- If the acquisition goes ahead then it would be one more British company to no longer be British.
- Trust this decision is successfully challenged in the courts.
- A number of people mentioned that they would like to review any business plans Sky may present for a standalone Sky News PLC. They feel that they could identify material financial questions currently unanswered and help in negotiating the appropriate amendments to the business plan with Sky.
- The numbers of actual people reached by News Corp compared with other media should be examined not just the provision of news.
- News Corp would be one of three providers of UK-wide news and current affairs on three of four platforms at the retail level but the only news and media provider present on all four platforms (TV, newspapers, on-line and radio).
- In terms of "news minutes" consumed, News Corp would consolidate its position as the second place provider behind the BBC.
- There were a number of questions raised by the respondents:
    - Who would appointment the new board and select the new chairman?
    - What will happen to the ownership of Sky News in the longer term?
    - Why should News Corp be able to have any shares at all in Sky News?
    - Who will make senior editorial appointments and for how long a so-called separation of one channel from a corporate parent be sustained?
    - Will the proposed Corporate Governance and Editorial Committee have jurisdiction over both Sky News and BSkyB?
    - Does governance require a compliance report to be published unrestricted and public annually?
    - What incentives/penalties/restraints are there to assure that Sky News remains a viable business and is not closed and a new business set up outside the realm of the Corporate Governance and Editorial Committee?
    - Is there a requirement for BSkyB to adhere to Ofcom's Broadcasting Code added and enshrined in the company's articles of association?
    - Who will conduct the daily monitoring of Sky News to ensure no Murdoch or News International interference and who will pay for this monitoring and at what cost to the taxpayer?
    - Is BSkyB prevented from setting up another news channel within BSkyB after takeover?
    - Is BSkyB prevented from showing any programme with a political element that could influence viewers on any political subject after takeover?
    - What extent will BSkyB be allowed to show fiction with a strong political bias which has been shown to influence views after takeover?

- What extent will employees of BSkyB after takeover be allowed to openly campaign on air for any one political party or political view or be allowed to openly recommend on air the assassination of people?
- Who will ensure that the employees of BSkyB do not hack into private emails or answer phone services as Murdoch's employees and agents have done already and what cost to the taxpayer?

Individuals who were in favour of the acquisition made the following comments:

- A few changed the Avaaz campaign letter to say it would not undermine media diversity and quality and feel our democracy will live with this takeover.
- As a Sky customer for years found coverage of news and current affairs to be of good quality, fair and unbiased.
- Some felt that Rupert Murdoch has done more to modernise the television service than ITV and BBC together. ITV and BBC have borrowed his on screen style his 15min 24 hour news turn around and Sky box
- There was disapproval at the start of the ITV network of companies, and reflects on the enormous influence it had on the BBC.

MPs

- A number of MPs have expressed views of constituents as part of the consultation, either by forwarding letters received or by noting points raised.

Points raised include:

UILs – safeguards for independence

- The safeguards for editorial independence are weak and the arrangements for Sky News will not be sufficient to prevent a media monopoly as Rupert Murdoch will be a large shareholder and able to influence decisions by putting people on the board of Newco.
- MPs do not feel reassured by the principle UILs which envisage a majority of independent directors and an independent chairman of the Board guaranteeing editorial independence at Sky News. Concern that despite this arrangement Rupert Murdoch will still wield significant influence over the agenda and philosophy of Sky News which will compromise the plurality of media and news control in the UK.
- There was concern that the definition of independence in the UILs relies on an unspecified principle of editorial independence. Potential that this would lead to editorial staff putting themselves into dispute with their employer in defence of editorial independence.
- The on-going management of the UILs puts too much power to the Secretary of State rather than independent regulators. Direct oversight by Government risks politicising the agreement.
- A number of questions were asked in relation to the proposed UILs including:
  - Who will appoint the Sky News Board and the proportion who will be Newscorp representatives or independent non-executive directors?
  - Who will be responsible for hiring and firing Sky News editorial staff?
  - Whether Sky News will be dependent on News Corp for finance?

- Who will monitor the independence of Sky News?
- Will the broadcasting news impartiality rules will remain in place?
- Whether other UK media organisations who opposed the acquisition have been consulted during the past month?
- Do you accept the following in relation to Newco?
  - It will be dependent on a contract with News Corporation for 85% of its revenues and 25% of its costs
  - It will be dependent on News Corporation to distribute its TV news output on the BSkyB network
  - It will only be viable long-term if Newscorp are willing to renew the carriage agreement.
- How is the proposed remedy consistent with OFT's guidance that it is rare to accept even interim purchase/supply arrangements between merging partners and the divestment business given the requirements for a clear cut remedy in lieu of a competition commission reference?
- What steps are you taking to ensure that the 40% stake Mr Murdoch will have in Newco will not allow him to have an undue influence on decisions made by the Newco Board?
- What steps are you taking to ensure that if there are concerns Mr Murdoch is influencing the output of the channel these can be thoroughly investigated and dealt with?

Media Plurality

- The safeguards are so weak that they will be rendered ineffective and that the takeover is a serious threat to media plurality.
- Some MPs have highlighted the point made by Ofcom about the inadequacy of the current laws protecting media plurality and call for a review of the laws protecting media plurality in order to improve and modernise the regulations.
- Concerns that the proposed acquisition of BSkyB might result in an over concentration of power over news media over 4 different media platforms, thus compromising media plurality.

Past experience

- A lack of trust that News Corp will deliver what it promises. Previously News Corp has offered UILs in relation to acquisitions but has not lived up to these. There were references to broken promises in relation to the Times as well as its general attitude to the industry and media plurality.
- Questions were asked about whether any assessment has been undertaken of News Corp's approach to past UILs.

10 year carriage contract and 7 year brand licensing

- Concern that the carriage agreement between News Corp and Newco, will provide financial stability, but will also leave Sky News in a state of economic dependency vis-a-vis News Corp and lacking control of its own affairs.
- The government needs to set out what will happen at the end of the 10 year period; i.e. what restrictions will be placed on the ability of News Corporation to regain control of Sky News as currently the UILs leave open the possibility;

where will the decision rest; will News Corporation or any of its newspapers be able to establish another 24 hour news channel within this period?

Referral to the Competition Commission

- The matter should be referred to the Competition Commission for independent scrutiny.

Comments relating to Rupert Murdoch's/News Corp integrity

- The Department should delay or extend the consultation period until the reopened criminal investigations by the Metropolitan Police into Murdoch's News of the World has been completed.

6. Campaign submissions

a) Avaaz internet campaign

Avaaz is a global 'citizens' network with 7 million members worldwide (over 500,000 members in the UK). Avaaz's particular interest is in safeguarding democracy.

The Department for Culture, Media and Sport received 38,465 responses which replicated the standard text proposed by Avaaz:

> "I am deeply concerned that News Corporation's bid for full ownership of BSkyB would harm our democracy. I strongly urge you to reject it.
> The proposals that you are consulting on would undermine our media quality and diversity. The temporary safeguards you propose for News Corporation are weak and can easily be circumvented. News Corporation would still have strong control over Sky News through its shareholding, its financing and its control of satellite access.
> Rupert Murdoch has exploited his media power for political influence and opinion polls show that 9 out of 10 members of the public oppose his takeover of BSkyB.
> I object to the proposed deal and call on you to immediately refer it to the Competition Commission"

A significant number of these submissions contained different text in one form or another, with many raising further points and making additional comments including:

Government influence

- The most common addition related to a perception that the decision not to refer the proposed acquisition to the Competition Commission was political, and a form of pay back for Murdoch's support of the Conservative Party at the last election. Blatant example of government being bought by big business.
- The Secretary of State appears biased in favour of the deal.
- Comments about the U-turn from the original "minded" to refer to private meetings and allowing time for Murdoch to negotiate the UIL's.
- Support democracy in Libya and elsewhere but allowing it to be stifled here.

- Government is simply taking the line of least resistance rather than trying to support and sustain the reputation of Britain and its cultural media.
- It is clear from the evidence of phone and email-hacking, the failure of the Metropolitan police to adequately investigate in a timely manner, and from the appointment of a former NoW editor as Cameron's press secretary, that the relationship between this government and Murdoch's empire is, at the very least, unhealthy; indeed morally and ethically corrupt.
- Belief that Rupert Murdoch wields too much power and has been able to determine elections in the past – jeopardising democracy. Murdoch has more influence on UK politics than millions of voters.

Comments relating to the Rupert Murdoch's/News Corp integrity

- Is Rupert Murdoch not a fit person to own so much media.
- There is a conflict of interest as Mr Murdoch's son is chair of BSkyB
- A number of people referred to his Australian/American nationality.
- Many people included the following quote from Private Eye (1986): " You tell these bloody politicians whatever they want to hear, and once the deal is done you don't worry about it. They're not going to chase after you later if they suddenly decide what you said wasn't what they wanted to hear. "
- Seen as a threat to a cohesive multicultural nation, stifling diversity of reason and opinion.
- Many gave the example of Fox News in the US as an example of what we could expect to see more of. Shows he does not respect principle of impartiality in broadcast news and current affairs.
- Murdoch stake in TNT who might bid for Royal Mail.
- He is interested in media domination. News Corp is a rapaciously acquisitive organisation and does not have a good reputation for political neutrality and objectivity.
- He is a serial monopolist – reference to his stranglehold on sport and charges he makes to pubs for showing matches.
- Murdoch has had an appalling influence on UK politics and TV programmes.

Threat to democracy.

- Concern about 1 person, with such strong views, controlling a large part of UK media. Murdoch's influence already evident; to increase it further is anti-democratic.
- Secretary of State should be acting as a guard and gate keeper to the free and fair operation of democracy in Britain.
- Corporate monopoly smothers democracy as effectively as state control.
- Murdoch has always opposed real democracy if it threatens his substantial interests, and manages to terrify governments, especially those who support socialist or liberal values.
- UK's great heritage is free speech and democracy. Both would be harmed.
- The merger would leave us with a media sector dominated by one family with only the BBC left to stem the tide. What's more, it isn't even a British influence which is coming to dominate our screens, as well as our papers. We have already seen much of our manufacturing sector allowed to fall under foreign ownership (& often closure) e.g. Cadbury, our utilities are dominantly owned

by the French and Germans, and even insurance lies largely in the hands of international groups,

- The efforts of civilians in the Arab world to address monopoly media and political control is admired by our politicians...and yet you are considering allowing the creation of an overly powerful media monopoly here in the UK.
- Influence the political climate to undermine political leaders and promote extremism in order to draw attention to his media outlets.
- Need objective, analytic, well researched information, accessible to all to enable people to make balanced decisions

Comments in relation to past experiences

- News Corp in the past has broken undertakings in relation to previous acquisitions i.e. Dow; Times and Sunday Times.
- Recent example of BSkyB's acquisition of Virgin media's TV channels and closing them down within 3 months.
- Mention of supporting price rigging in the case of pub landlords having to pay BSkyB fees

Competition

- BSkyB removed some competition by buying Living TV group from Virgin Media. It then closed Bravo and Virgin 1as they competed with existing Sky channels.
- BSkyB/News Corp's earnings would multiply as packages bundle together monopolistic sports, TV archive and film rights, combining advertising and sales offers across newspapers, their websites and all digital platforms and make it impossible for competitors to enter the market.
- Should not support monopolies, but instead introduce real competition to big business.
- There are no alternative satellite TV operators in the UK, why should such a large company which is 100% dominant in the satellite TV sector be allowed to be taken over by a foreign company?
- Government should seek to increase the spread of media ownership by limiting how many titles and broadcasters any one company, individual, consortium or umbrella organisation can own
- Has already used buying power to outbid competitors for TV programmes which have won an audience on terrestrial TV- Mad Men, Lost – HBO back catalogue for Sky Atlantic. Can only get worse if Murdoch gets his way.

Media Plurality

- News Corp share of global and UK media market is already having an adverse effect on plurality of views and on public discussion.
- Need for free and unbiased media. Lost diversity will not be regained. This has happened with the local press which is losing accountability.
- The power of the media should never be underestimated and it is absolutely vital that we maintain the integrity of the information our society consumes. Although system is not perfect, it does serve as an example to the world and helps maintain an intelligent free thinking, creative and tolerant society.

UILs – safeguards for independence

- UILs should restrict Newscorp from distorting competition through cross-promotion, bundling, banning rivals' advertisements and distorting the advertising market with cross platform deals.
- Note the UILs protect news output; however, News Corp would be able to broadcast their views via other programming.
- Nothing to stop BSkyB introducing a news channel to undermine Sky News.
- Murdoch family could buy shares in Sky News to increase 39.1% stake
- Despite the UILs, Murdoch would still be able to influence/control Sky News.
- A large number doubted Sky News would be financially viable as the majority of funding could come from News Corp.
- News Corp will find ways to undermine 10 year undertaking.

Comments relating to BBC

- A number raised concern that the BBC funding is being cut, and limiting BBC's spending power all the quality/expensive and special events will be broadcast behind a paywall costing £240/year.
- Government insisted that BBC now has to pay for running fibre optic cables across country even though beneficiary would be subscription only services owned by Murdoch's company.
- Believe Murdoch strengthening will undermine BBC. Demonstrates Secretary of State/government hostility to BBC.
- Sky pressure on government to restrict BBC online services because they compete with the 'commercial' sector.

Other comments

- A number of respondents referred to an ICM poll where: (sample size 2,500)
    - 63% said there should be an independent investigation before deciding whether to allow the deal to proceed
    - 84% said that a single organisation should not be allowed to control too much of the news media
    - 75% said it was important to have competing independent sources of news in the UK
    - 44% oppose the deal with a mere 5% in favour; opposition among Conservative voters was nearly as strong with 43% opposed and just 5% in favour
    - 53% of those who currently identify themselves as Lib Dem oppose the deal with just 4% in favour
- As a minimum today all media outlets should make the public aware that they are owned or controlled by a single person or entity where more than 20% of shares are not held by public. For example TV should broadcast regularly who they are owned by, and Newspapers set out on the front page.
- Draining the UK of important tax money because his organisation does not pay UK tax. This money should be re-injected into the UK economy.
- Few people indicated whether they were or had been BSkyB subscribers.

b) Media Matters campaign

Media matters sent in a letter which had been signed by about 300 people in the UK. The letter argued that they were unconvinced that the UILs would satisfactorily remedy, mitigate or prevent the public interest concerns in relation to media plurality. In particular the following points were made:

- Although News Corp may have committed to the independence of Sky News from BSkyB there are not sufficient checks and balances to ensure that News Corp strictly adheres to the UILs.
- Concern that the UILs do not prevent Murdoch or News Corp from building the profile of Fox News in the UK. There is nothing to prevent Murdoch creating a new news channel along the lines of Fox News. It was felt that the UILs do not go far enough to prevent the 'Foxification' of the UKs news agenda.
- Requested more time be given to considering this matter further either by pursuing a full investigation by the Competition Commission which would allow for proper scrutiny and public protection. At the very least insist News Corp promise new UILs for consideration by UK public which address the issues above and truly protect the public interest concerns raised by Ofcom's report.

In addition, a number of comments on how the process and consultation has handled were received:

- **Length of consultation** Some respondents commented that the 18 day consultation was not long enough to test the UILs
- A number felt that sufficient time has not been spent in reaching the decision.
- A few were concerned had not published any information about how many people contacted the Government.
- **Question over capacity and expertise** of DCMS due to the haste which responsibility transferred.
- **Secret meetings** A number of people have referred to Jeremy Hunt, David Cameron having un-minuted meetings with James Murdoch from News Corporation and Prime Minister's lunch over Christmas with the CEO of News Corp and members of Murdoch family. Therefore proposed decision for non-referral is biased and partial.
- **Secretary of State position** A number of people are sceptical about the impartiality of Secretary of State in relation to the merger, and therefore not the right person to make the decision.
- It is felt that the Secretary of State has a **bias against the BBC** and allowing News Corp to acquire BSkyB is a way of further weakening the position of the BBC by allowing an already significant competitor to become even stronger.
- Should have run extensive opinion polls at the start of this matter (not the end) asking whether the British public had any wish to extend News Corp ownership of the media available to us.
- **OFT restrictions** A number of people have asked questions relating to OFT consultation including why they did not consult with third parties, did not have sufficient time to test the veracity of statements given by News Corp, regarding the UIL. Terms of reference given to the Oft restricted to 'practical and financial viability; why did they not test democratic balance of potential ownership and influence implied by the UIL?