

Australia to probe Facebook, Google over their monopolistic and mob-like media disruption



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Facebook, Google and other technology giants' role in spreading fake news stories and diverting advertising away from traditional media will be put under the microscope after the government directed the competition regulator to undertake an inquiry into digital platforms.

The Australian Competition and Consumer Commission had been asked to scrutinise major digital platforms and their impacts on media, journalism and advertising, ACCC chairman Rod Sims said on Monday.

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Lawyers from Facebook, Twitter, and Google started two days of hearings on how Russia allegedly used their services to try to sway the 2016 US elections.

This will include digital search engines, social media platforms and digital content aggregators.

Because the inquiry has been formally directed by the government, rather than self-initiated, the regulator has the ability to use compulsory information-gathering powers and hold hearings.

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Social media platforms and digital content aggregators will be part of the probe. *Photo: tomeng*

"The ACCC goes into this inquiry with an open mind and will study how digital platforms such as Facebook and Google operate to fully understand their influence in Australia," Mr Sims said.

While companies like Facebook and Google were likely to be the biggest focus, he said platforms such as Twitter could also come under the umbrella.

As the companies predominantly operate overseas, obtaining information could prove contentious but he didn't anticipate a legal fight.

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The inquiry would largely centre on market power and misleading information. While "fake news" would be part of this discussion, it wouldn't be the main focus, he said.

"When you're getting news articles, do you know enough about how they're fashioned for you?" he said.

It would also look at whether advertisers were aware of the full range of information, potentially including how audience metrics and other data were provided.

The impact of the tech giants on the choice and quality of news and journalism available to the public, and long-term trends such as innovation and technological change, would also be looked at, along with information asymmetry, where one company or user has more information than another.

A Facebook spokeswoman said the primary use of the platform was to connect with friends and family, speak to communities of interest and connect with organisations and public figures.

"Whilst the sharing of news and entertainment content is only a small part of

the content shared on our services, we take our role in the media ecosystem very seriously and invest significantly in products that support publishers," she said.

"We look forward to a thorough inquiry into the Australian media market."

The launch of the inquiry is part of the Turnbull government's Broadcast and Content Reform package, whose aim is to help support jobs and media diversity. It was part of a deal with the Nick Xenophon Team to secure its support for the [government's media ownership and regulation bill in September](#).

Mr Xenophon has formerly said Facebook [did not move fast enough](#) to remove fake news, and described Google and Facebook as causing a "haemorrhaging" of local media companies.

Earlier in the year, then-senator Xenophon, Sam Dastyari, Scott Ludlam, and Jacqui Lambie backed a [Senate inquiry into the future of journalism](#) to examine the structure of newsrooms and tax arrangements and the increase of "fake news".

A key line of the new inquiry will be advertising expenditure in print newspapers, which has been in decline for years as advertisers look for alternative, and often digital, ways to reach audiences.

Concerns about the pressure tech giants put on traditional media and marketing companies was also reflected in Zenith's Advertising Expenditure Forecasts report, released on Monday.

By 2018, internet advertising in Australia was anticipated to account for 50 to 60 per cent of the total advertising spend, Zenith Australia chief executive Nickie Scriven said.

"Google and Facebook are the main benefactors of this growth and this is likely to continue to 2020," she said.

The ACCC is expected to distribute an issues paper outlining matters relevant to the inquiry and calling for public submissions.

Public and private hearings would then be held in 2018. It hopes to hear from content creators, mainstream and small media operators, platform providers, advertisers, journalists, consumers and small business interest groups.

A preliminary report will be prepared by December 2018, with the final report anticipated by June the following year.