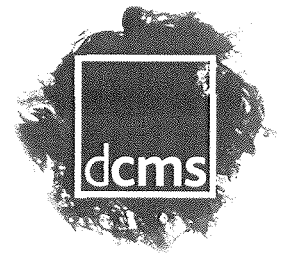


CMS 208734/DC

Colette Bowe
Chair
Ofcom
Riverside House
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LONDON SE1 9HA



department for
culture, media
and sport

18 June 2012

Dear Colette,

MEASURING MEDIA PLURALITY

Thank you for Ofcom's report on measuring media plurality of 6 June. This is a thorough and clear piece of analysis which will be helpful both to me in the context of my Communications Review and, I have no doubt, to Lord Justice Leveson as part of his inquiry.

Following a discussion with your officials, there are a number of areas where I would be very grateful if Ofcom could do more analysis and provide me with further advice. I would be grateful for this further work by the end of September 2012.

The areas I would like you to consider are:

- a) The report proposes a regular review of plurality every 4 or 5 years, the precise timescale to be determined by Parliament. While I accept the logic of this proposal, I would be grateful to understand better the scope and timescales for the review itself. A fixed timescale from start to finish is important to give certainty to industry. I am concerned that, if the reviews themselves took 18 months or longer to conduct, then such an approach could subject the industry to a very long period during which it was under review and therefore have a chilling effect on investment and innovation. How could such a system be designed to mitigate this risk but still deliver the right level of market analysis and recommendations on any remedies required in as short a timescale as possible? In particular can Ofcom, if it was the body carrying out the reviews, guarantee that they would take no longer than 12 months from announcement to completion of such a report? Related to this, I would be grateful for any indication you can provide as to the timescales required for implementation of any remedies that the report might propose.

- b) Following on from the above point, I note the report suggests that consideration would need to be given to how these periodic reviews and the existing provisions concerning mergers can be made to work effectively together and avoid the risk of double jeopardy. I would be grateful if you could provide further advice on this, and on the circumstances under which a significant example of market exit might trigger a review.
- c) Your report favours periodic reviews over absolute limits on market share on the grounds that the latter does not take into account the wider factors affecting plurality. The report suggests that periodic reviews could be supplemented with guidance and/or indicative levels so that business have a reasonable understanding of the factors and levels of concentration which will be taken into account during a periodic review. The first review should provide a useful yardstick against which to measure future developments, but I would be grateful to understand in more detail your views on (i) the advantages and disadvantages of such additional guidance or indicative levels; and (ii) how they might be made to work.
- d) Related to this, the only absolute limit that currently remains in statute is the so-called 20/20 rule that governs ownership of a national newspaper and Channel 3 licences. I note Ofcom's recommendation that any consideration of removal of this rule should properly be a matter for Parliament. While of course this is right, I would be grateful if Ofcom could provide me with further advice as to whether there are circumstances in which the periodic reviews could provide sufficient certainty to remove the restriction.
- e) I would like to extend the scope of this work to look at possible remedies in the event that a review concluded that there was insufficient plurality. In a converged, digital world the markets themselves are more complex and fast-moving and therefore serious consideration is needed as to what remedies might be appropriate. The report refers to both positive and defensive levers that might be deployed to encourage or protect plurality respectively, and I am interested to understand what the benefits, risks, issues and factors may be in intervening in markets through these means.
- f) As you will know, there has been considerable debate about the role of the Secretary of State in decisions on plurality. I have indicated publically that I am interested to explore alternative options that would remove politicians from the decision-making process. Taking into account your views on (e) above, I would welcome your assessment of what alternatives might exist and the risks and issues associated with these. For example, should the body conducting the review take the decision or should the final decision be for, say, Ministers or another independent individual or organisation especially appointed for the purpose?

- g) Finally, your report recommends that legislation is amended to include online providers in the definition of 'media enterprises'. I would be grateful for further advice on what criteria Ofcom recommends should be used to assess which online news providers should be included in any plurality review.

I do not propose to comment on this report other than in general terms until after I have had the chance to consider your further advice and Lord Justice Leveson's report. I do propose holding a seminar in early October, as part of the current communications review, which is why I would be grateful for your report no later than the end of September 2012.

Yours ever

A handwritten signature in dark ink, appearing to read 'Jeremy', with a long horizontal stroke extending to the right.

Rt Hon Jeremy Hunt MP
Secretary of State for Culture, Olympics, Media and Sport