



Rupert's busy week

ONE neglected Australian angle to Rupert Murdoch's alliance with MCI, the United States' second telecommunications company, is that the tie-up of News Corporation, Telstra and Foxtel deserves scrutiny now more than ever. Consider:

- ◆ Telstra, owned by the public under the ultimate stewardship of Cabinet, has done a deal with Murdoch to create Foxtel but the details remain secret.
- ◆ News and MCI say they will, in a rather ill-defined way, create a converged communications transnational. News has the content and MCI the capacity to carry it. British Telecom, with 20 per cent of MCI, would make an obvious European partner.

Where does Telstra fit in this? Is there some kind of prospective mutual equity deal with News, so that just as MCI will acquire up to 20 per cent of News on certain conditions, so perhaps Telstra might own, conditionally, some of News and News some of Telstra in the future?

The likelihood of Telstra being privatised is increasing. The Opposition proposes to sell Telstra if elected. Paul Keating and Ralph Willis decided to sell the rest of the Commonwealth Bank, contrary to promises, and belatedly informed colleagues yet raised a minimum of fuss. Why not Telstra? Perhaps those persistent rumours that in Canberra the idea has never been off the agenda are right. The interesting suggestion among American analysts that telecommunications organisations are going to find it increasingly difficult to justify past pricing structures, may give urgency to any plans to sell.

But we should remember that the Keating Government is also engaged in a revision of the rules to govern the converged telecommunications-

broadcasting-narrowcasting industries after 1997. It has announced a review of copyright law, an important public policy tool to affect the distribution of information wealth. It is apparently approving of agreements to grant to Microsoft-Telstra certain rights over the troves of data that have been generated by various government agencies at public expense.

All these government tasks are affected by profound public interest considerations. But the ultimate decisions may be skewed by any wish to sell Telstra for the highest possible price, or by commercial arrangements with News or Microsoft or others. The growing impression is of private interests, especially Murdoch's, influencing public policymaking to an unhealthy degree, secretly, and without the journalistic scrutiny the public interest needs.

This is not to deny Murdoch's achievements, still less to denigrate the man himself. But not all of us can agree that the current whirl of activity is, as Terry McCrann in *The Australian* (13-14 May) would have us accept, Murdoch 'continually showing us the future.' According to McCrann 'it may not be easy to comprehend or comfortable, but we should be grateful we have him as a guide.' Reliable timely information, disclosure and open debate are better guides.

The events in Rupert Murdoch's busy recent weeks bear recording:

- ◆ **3 May:** The Australian Government opens the way for changes to foreign media ownership limits which could allow News Corp to move from 15 per cent to 20 per cent ownership of the Seven Network. Minister Lee seeks advice from the ABA on setting new upper limits for both foreign and cross media ownership.

- ◆ **4 May:** The US Federal Communications Commission (FCC) grants Fox (of which News Corp owns 99 per cent equity) the right to seek a waiver from rules requiring US ownership of television stations. The FCC ruled 5-0 that Fox did not mislead the Commission a decade ago about its ownership structure. However, the Commission agreed that News Corp remained an Australian company in breach of US rules. Fox only needs to prove that the network is in the public interest to be granted the waiver.

- ◆ **4 May:** News Corp shares surge to their highest level in 15 months following news of the company's full year profit of more than \$1.4 billion.

- ◆ **8 May:** Reports of negotiations afoot for News to buy a 51 per cent controlling interest in Silvio Berlusconi's Italian TV networks. A reported \$US2.8 billion bid is confirmed by Berlusconi but denied by News.

- ◆ **11 May:** News Corp announces a \$US2 billion strategic alliance with the US's second biggest long distance telephone carrier, MCI. Part of the deal is a \$US400 million joint venture to 'create and distribute electronic information, education and entertainment, computer and telephone industries'.

- ◆ **12 May:** A new media law in Britain aimed at limiting total media ownership to a 15 per cent share of the market, is tipped as being unlikely to cap Murdoch since his overall market share is 10.6 per cent. This is despite the fact that in Britain he controls 35 per cent of national newspapers and 40 per cent of the satellite operator, BSkyB. □

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