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Fox/Sky merger inquiry  
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**FOX/SKY MERGER INQUIRY: SUBMISSION**

24 October 2017

This is a personal submission. Having retired as the BBC Director for Australasia after 35 years in the Corporation, I served until recently as the chairman of the BBC Pensioners' Association.

With long experience of the Murdoch family's media affairs in Australia and the UK, I have previously expressed concern about this merger to the Secretary of State for DCMS, as copied to the CMA, and wish only to state aspects of principle that have a direct bearing on British society in general and the BBC in particular.

1. Media Plurality

I endorse the concern expressed by Messrs. Ed Milliband, Kenneth Clarke, Sir Vince Cable and Lord Falconer, whose accusation of a "serious legal error" by Ofcom over the bid has, in part, led to this referral to the Communications and Markets Authority (CMA).

This is also to endorse the letter to the Observer of Sunday 16 June from Lord Puttnam and five other Members of the House of Lords whose concern is that: *'the UK's largest and most sophisticated privately held domestic consumption database'*, held by Sky, could pass into foreign control.

(See: <http://www.davidputtnam.com/viewNews/id/524/>)

In terms of media plurality, I hold that CMA should also consider Gaming, with Sky as 20% owner of its former betting companies and the growing influence of 21<sup>st</sup> Century Fox on US gambling practices. In June 2017, CNN reported:

**'Fox owns a lot more than the cable news network beloved by President Trump'.**

*'Rupert Murdoch's media empire is also a major player in Hollywood -- and now Fox wants to become a force in the multi-billion-dollar gaming industry, too.'*

*FoxNext, a video game unit set up by 21st Century Fox ([FOXA](#)) earlier this year, said Tuesday it was buying Aftershock, a creator of mobile games that is working on a series tied to James Cameron's blockbuster "Avatar" and its upcoming sequels.*

*"Avatar" was released by Fox's movie studio. The sequels will be as well. So this deal gives Fox the potential to make even more money from all those blue Na'vi on the moon Pandora.'*

The potential for merged Sky and Fox interests to buy into the UK's gambling industry has implications for media-related plurality. This should come into the ambit of CMA consideration and have a bearing on its conclusions.

2. A genuine commitment to broadcasting standards

a) Convergence

The reference to 'broadcasting standards' is in line with the Communications Act of 2003. This required companies regulated by Ofcom and the BBC:

*"To ensure that news, in whatever form, is reported with due accuracy and presented with due impartiality".*

While Sky/Sky News broadcasts are subject to Ofcom's regulatory remit, the company is exploiting the convergence of television and audio video reception, whereby, from the viewer's point of view, it hardly matters if the programmes being watched are sourced from a transmitter or the internet.

But from the regulatory perspective, the difference is that 'broadcasts' come under Ofcom's remit, while internet 'audio-video content' is unregulated other than in a legal context. This is largely irrelevant on information matters thanks to a global context and the First Amendment to the US Constitution.

Through its Sky Q packages and without a subscription increase, Sky is transferring subscribers across to an internet-only service that no longer needs a satellite dish. With nothing to inhibit the growth of such services, it is entirely possible that, should the merger go ahead, the Fox News style of information programmes will be available online only. Only channels being broadcast would thereby be under Ofcom control; those online would have no need to observe Ofcom set standards.

With US experience of Fox in mind, such an absence of commitment to UK broadcasting standards must be anticipated.

b) Personal suitability

Please add my name to those, spearheaded by Tom Watson MP, who are asking for the merger to be set aside due to acknowledged misbehaviour on the part of Fox News board members and news anchormen. There is wide accepted that a number of named persons who represent the public face of the Network have behaved reprehensibly over many years.

If, as Tom Watson MP recently alleged, the circumstances of Bill O'Reilly's fall from grace was known to Murdoch family executives and he was re-employed, the situation should rule them out as 'unsuitable' in the context of the proposed merger. As Watson says, if they did not know, their management of Fox News was similarly reprehensible, ruling them out in terms of acceptable UK corporate responsibility.

Yours sincerely

Hugh Sheppard

cc. BBC Pensioners' Association (for website publication)