

By Post & Email

Karen Bradley MP
Secretary of State for Culture, Media and Sport
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Our ref: IG/AJM

8 March 2017

Dear Madam,

RE: Proposed acquisition of Sky Plc by 21st Century Fox Inc.

Thank you for the Department's letter of response of the 22 February noting Avaaz's interest in the proposed takeover of Sky PLC by 21st Century Fox Inc. ("CF") We welcome the confirmation there, and in your statement of 3rd March, that this is an issue of significant interest to the public and to Parliament, and our client is grateful for the opportunity to make further representations to you for your consideration, ahead of your decision on whether and on what grounds to intervene.

Avaaz is the world's largest online citizen's movement, with 44 million citizen members worldwide, and 1.2 million signed up here in the UK. We were active on the proposed BSKB takeover in 2011 calling for an official investigation along with many others, which resulted in the original Leveson Inquiry. Avaaz currently represent the views of thousands of citizens across the UK who have signed their online petition to again oppose this proposed Murdoch bid.

Given the strong interest by the general public to the impending decision of the Secretary of State, Avaaz are encouraged by your recent announcement that you are minded to refer this bid on the two grounds of plurality, and, broadcasting standards. Avaaz believe that a referral on these grounds is both necessary, and right in these circumstances. Accordingly, we enclose evidence in order to assist your consideration of both those important tests, at (Enclosures 1 and 2).

Further, we would urge you to use your discretionary powers under section 42(2) of the Enterprise Act 2002 ("EA02") to refer this bid on an additional ground, which goes to whether the senior executives of CF are likely to 'maintain high standards of corporate governance, accountability and conduct'.

In that regard we enclose a leading QC's opinion (Enclosure 3) which helpfully sets out the respective powers of the Secretary of State to consider the additional grounds, and why Avaaz believe this course is



crucial to maintaining high standards of integrity across all British controlled media.

Finally, we attach a short briefing note (Enclosure 4) evidencing an alarming pattern of poor governance within News International and CF, which has emerged from ongoing court cases brought on behalf of CF's own employees, and investigations, and official inquiries conducted both in the UK and US since the Murdoch's last failed bid attempt in 2012.

We would urge you to consider these submissions carefully before you make your decision. We advise that if the Secretary of State were to decide to refuse to include in the EIN a further public interest consideration relating to corporate governance, then it would be difficult, having regard to section 67(6) EA02 for that consideration to be added later. On that point, we note that the Secretary of State appears to be uncertain as to whether Ofcom has the power to withdraw a licence after it has been granted on grounds other than that of illegality as in the case of Bang Channels Ltd.¹ In the absence of any legal assurance to the contrary, this will inevitably mean that if such a consideration is not included before the EIN is issued, Avaaz would need to consider its position with respect to legal avenues of challenge.

The enclosed submissions outline the significant danger that UK broadcast news provision could be 'corrupted' by "The Fox effect", as the Murdoch's advance their own personal brand of editorial control, while seeking to use their power to dilute existing broadcast media standards. There is a high risk of damage to the public interest if the already dominant Murdoch family is permitted to take control, accordingly, we urge you to make a full referral.

No doubt you are aware of Lord Leveson's comments with regard to public transparency in making referrals.

In particular we would like to draw your attention to the following statement he issued in 2012:-

"I recommend that, before making a referral decision, the Secretary of State should consult relevant parties as to the arguments for and against a referral, and should be required to make public his(her) reasons for reaching a decision one way or the other. This would provide a buffer against the criticism that a referral might be made for purely political reasons, and offer a welcome degree of transparency as to the concerns that have led to any referral."

In the meantime, Avaaz believe the only way for you to be sure of making the right decisions on this bid, and ensure the public interest is protected is to proceed with the Leveson Inquiry Part II, as supported in a petition signed by many thousands of Avaaz members across the UK. Specifically, The petition reads as follows:

"As British citizens concerned at the influence of the Murdoch media empire over our

¹ https://www.ofcom.org.uk/_data/assets/pdf_file/0023/61970/bangchannels.pdf



government and the media market, we call on you immediately to start the promised ‘Leveson Two’ investigation into alleged corruption, and while this investigation is underway, prevent any massive expansion of Murdoch’s media business through the takeover of Sky. This proposed expansion should be referred to the telecoms regulator Ofcom to determine whether it is legal and in the public interest, and whether Murdoch is “fit and proper” to hold a broadcasting license”.²

We look forward to your timely response.

Yours Sincerely,

Enclosures:-

1. *Consolidating Control: The Fox/Sky merger and news plurality in the UK*, A report researched and published by the Media Reform Coalition and Avaaz, in February 2017.
2. *Murdoch, The Fox Effect, and Trump: How the Sky takeover could poison Britain’s public debate*. A report researched and published by Media Matters for America, and Avaaz, March 2017.
3. Advice from Leading Counsel George Peretz QC of March 2017.
4. Before the Murdoch takeover: new evidence indicating the need for a further “Fit and Proper” review, briefing researched and published by Avaaz, March 2017.

² https://www.avaaz.org/campaign/en/uk_media_regulation_rb/?fpla