

Department for Culture, Media and Sport

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To Secretary of State cc Patricia Hewitt  
 From [REDACTED] Kim Howells  
 File Ref [REDACTED] Andrew Ramsay  
 Date 27 February 2002 Bill Bush  
 Ruth MacKenzie  
 [REDACTED]

**RESTRICTED - POLICY****A plurality/share of voice test for mergers involving newspaper companies**

1. One suggestion made at yesterday's meeting was to expand the scope of the plurality test that will be applied to newspaper mergers. The options you have seen for reform of the special newspaper regime have been based on the assumption that such a test would be applied only to newspaper acquisitions, and would consider only the possible effects of such acquisitions on the plurality of newspaper ownership in the area in question. The new suggestion is that the test could be applied to any media acquisition that involved a newspaper, and would have to consider the effect on plurality of voice across the whole range of different media in the area in question.
2. The first effect of this would be that the newspaper regime would no longer be simply a special newspaper regime, but would instead be a special regime for media mergers involving newspaper companies.
3. The other effect would be to add a new regulatory layer to our proposals. The radio ownership rules (whether they ensure 3 commercial owners in each area or 2) will apply to anyone wishing to buy a local radio station, including local newspaper companies and TV companies. A plurality test for newspaper proprietors would therefore have to be applied in addition to the radio rules.
4. To some extent, this would replicate the existing situation, where any acquisition of any radio station by any newspaper is subject to a public interest test, in addition to the specific media ownership rules that exist. The public interest tests were devised in 1996 to constitute a catch-all power, preventing any newspaper unaffected by the ownership rules acquiring more influence than was deemed desirable by the Radio Authority. They were derived from the nature of the public interest test in the special newspaper regime, with which they were intended to act in parallel.

5. In practice, the existing public interest tests have become a burden on both regulator and industry, rarely used to any effect, but dissuading newspaper companies from attempting to buy radio stations, and creating uncertainty as to which mergers would or would not be allowed. The plurality tests now envisaged would be an improvement in being applied only post-acquisition and where significant plurality concerns were raised, but there will of course still be a degree of uncertainty, requiring OFCOM to publish very clear guidelines.
6. [REDACTED] will provide a separate note suggesting how a media plurality test might work in practice.