



# COMMUNICATIONS LAW BULLETIN

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**RECENT MAJOR BROADCASTING AMENDMENTS  
PASSED BY FEDERAL PARLIAMENT**

Two major broadcasting bills were among eight communications bills passed by the Commonwealth Parliament during a legislative feeding frenzy in the dying hours of the current session. They received Royal Assent on 5 June, 1987.

The main amendments to the Broadcasting Act fall into two broad categories:

- Implementation of "equalisation";
- New ownership and control limits.

**Equalisation**

The broad thrust of the "equalisation" policy is already well-known, as the amendments enacted followed the Forward Development Unit Report on Future Directions for Commercial Television in June 1985, the Minister's major announcement on 20 May, 1986, and finally the Richardson Committee Report in March 1987. In summary, the equalisation policy is intended to provide three competitive commercial television services in regional areas as soon as practicable, in larger and more viable markets.

Section 16 of the Broadcasting Amendment Act, 1987 inserts a new Part IIIC into the Broadcasting Act, which:

- requires the Minister to prepare and publish the Equalisation of Regional Commercial Television Indicative Plan (ss94B, 94E); the Indicative Plan sets out the basic elements of the equalisation scheme, including approved markets (s94C), aggregation areas

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at Menzies Hotel, Sydney,  
10 April 1987.

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for each licensee (s94D), licences eligible for consolidation etc;

- provides for licensees to elect for immediate aggregation, or provide multi-channel services ("MCS") first (s94G); if two licensees in an approved market elect for immediate aggregation, then all three licensees must proceed down that path (s94H);
- requires licensees to submit implementation plans to the Minister (ss94K-94L); the implementation plan sets the timetable for equalisation and provides a measure of progress;
- provides additional provisions covering the processes of aggregation, licence consolidation and the grant etc of MCS permits (ss94S-94ZD); special provisions apply to Tasmania, where there will be two state-wide services (ss94ZF-94ZH).

### Ownership and Control

The Broadcasting (Ownership and Control) Act, 1987 has two main purposes:

- to replace the "two-station rule" with a "60% reach rule" based on the population of Australia and the service area population of each commercial television service area (s92); in summary, a person may have prescribed interest in any number of licences serving a combined population no greater than 60% of the Australian population - in practice this allows licences to be held in, for example, Sydney, Melbourne, Brisbane and Perth;
- to provide limits on cross-media interests within the service area of a commercial television licence (s92FAB); these limits prohibit the holder of a prescribed interest in a commercial television licence from having also a prescribed interest in:

- a commercial radio licence that has an area of monopoly within the service area of the commercial television licence; or
- a newspaper that is associated with the service area of the commercial television licence.

The Australian Broadcasting Tribunal must keep a Register of Associated Newspapers (s91AAE). A newspaper is associated with a commercial television service area if it is in English, is published at least four days each week, is sold as a newspaper, and has not less than 50% of its circulation in the service area (see definition in s91).

All these ownership rules apply broadly to interests acquired on or after 28 November, 1986 (the day after the Minister's announcement that the law was to be changed) but earlier interests are "grandfathered". However, the transitional provisions in the amending Act are complex and need careful study by any practitioner assessing the scope of the new laws.

No significant changes are made to the ownership rules for commercial radio (except in cross-ownership with television), or in the basic tracing provisions or share transaction approval regime. These are to be dealt with in future legislation at a later date.

Leo Grey

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### CONTRIBUTORS TO THIS ISSUE

Leo Grey, Principal Executive Officer (Legislation), Australian Broadcasting Tribunal.

Ian MacPhee, Former Shadow Minister for Communications.

Huw Evans, Journalist.

W.J. Coad, Deputy Chairman, Trade Practices Commission.

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**THE FUTURE OF REGIONAL COMMERCIAL  
TELEVISION FOLLOWING EQUALISATION AND  
THE IMPLEMENTATION OF THE PROPOSED  
NEW MEDIA OWNERSHIP RULES**

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## **Introduction**

The purpose of this paper is to outline some perceptions of the changes that will occur in the regional sector of the commercial television industry if the Federal Government is able to implement its equalisation policies and its proposed new media ownership rules.

It is important that I emphasise that the views expressed in this paper do not necessarily represent the views of the regional television industry as a whole. The Broadcasting Amendment Bill, 1986 ("the Bill") and the proposed media ownership legislation, if passed by the Senate, will impact on individual licensees in widely varying ways. It is for this reason that regional licensees have differing views on how equalisation should be achieved and the timetable for the introduction of the additional services.

The Bill gives licensees two options by which they may proceed to equalisation. One is via multi-channel services ("MCS") leading to the eventual aggregation of existing markets, whilst the other is direct aggregation. I use the word "option" with some reservation because the "one-in-all-in" rule, combined with the other deterrents against choosing the MCS path to equalisation that are contained in the legislation, means that in real terms equalisation will be achieved by direct aggregation in all of the markets that are affected by this legislation.

The majority of regional licensees would like to see the Bill rejected by the Senate but there is also a significant minority that support passage of the legislation. Those that want the Bill rejected fall into two groups. The first group comprises those licensees that support the principle of equalisation but want a genuine choice between MCS and direct aggregation. They want a majority

rule to apply and removal of some of the other deterrents, such as the continued application of the two station rule in markets where MCS is adopted as an interim step to aggregation. The second group comprises those licensees who disagree that there is a need for three services in regional areas. They would prefer to go back to the old supplementary licence scheme and have each regional operator provide two services by taking programs from each of the three networks.

Those licensees that support direct aggregation make up a third group, and they do so because in their particular markets they will be less disadvantaged by proceeding directly to aggregation, than moving through an interim MCS phase.

It would be appropriate for me to tell you where my company stands on these issues so that you can take our position into account when considering the views expressed in this paper. My company's position does not fall into any of the three groups that I have mentioned.

Whilst we share many of the concerns that have been expressed by those licensees that oppose passage of the Bill, we believe that the best interests of regional viewers would be served by the early passage of this legislation.

I will explain our reasons for adopting that position.

## **Developments in Recent Years**

Since 1979, various proposals for the provision of additional commercial television services to regional areas have been considered by both Labor and Liberal/National Governments. A major public inquiry - the SBS Inquiry - was held in 1984, and for the past two years the present Government has focussed its policy considerations on the equalisation of commercial television in regional Australia.

Since February 1985, the Government's equalisation proposals have been widely canvassed by the Department of Communications' Forward Development Unit and its consultants, a Government Equalisation Task Force, a Committee of Cabinet Ministers, other

Government and Opposition policy committees, and more recently, the Senate Select Committee on Television Equalisation. The consultative processes that have occurred over this period have involved extensive liaison with, and input from, the television industry, consumer groups, unions, the Australian Broadcasting Tribunal, the Broadcasting Council, the Media and Communications Council and many other organisations and individuals.

It is our view that any further protraction of these consultative processes will serve only to further confuse and complicate the proposals that we are debating here today and, more importantly, further delay the introduction of additional television services for regional viewers. As it is, even under the presently proposed legislation, many regional viewers will not receive any additional services until 1992.

The Bill and the Indicative Plan, which details the Approved Markets referred to in the Bill, reflect the many compromises that the Government has made in taking into account the diverse range of views and opinions expressed by those organisations and individuals involved in the consultative processes of the past 8 years.

Regional licensees have been particularly active in making known their views on particular aspects of the Government's proposals. Some changes have been made as a result of arguments advanced by regional licensees, such as the need for Approved Markets to contain at least one million people for there to be any prospect of the market supporting three competitive services.

Although we would like to have seen further changes to those aspects of the Government's proposals that discriminate against regional licensees - who it must be emphasised will bear the brunt of the enormous capital and additional operating costs involved in equalisation - our first concern is for the finalisation of these matters so that regional viewers can enjoy the additional television services that we are technically capable of providing to them.

## Consequences of Equalisation

So what will regional television services look like when equalisation is achieved?

Assuming that equalisation is implemented by direct aggregation of existing markets, and I emphasise again that all of my comments are based on that assumption, each regional licensee will affiliate with one of the three major networks.

Affiliate stations will take the majority of the program output of the network station with which they are associated. With the advent of the domestic satellite, it is now possible for even the most distant regional station to do that.

The main change that will be apparent in regional television following equalisation will be a reduction in local program content. The reason for this is that funds currently allocated to local program production will be required to cover the additional technical operating costs resulting from the expansion of services into the larger Approved Markets.

Equalisation will involve the installation in the eastern states of 45 new main transmitters and associated studio facilities and over 250 translator stations. The capital cost of those facilities will be in the order of \$250 million. The additional operating costs that will be incurred in providing those additional services, will be in the order of \$100 million a year. Yet the total combined profits (before tax) of all regional licensees is only \$50 million a year.

So how will the regional television industry be able to absorb the costs of equalisation? It will do it by cutting operating costs. Some savings will be achieved by affiliate stations being able to take a direct relay of network programs off the satellite and retransmitting them in real time, thus saving the cost of recording programs, handling tapes, and employing personnel to operate replay machines at every regional station. In fact, we now have technology to computerise operations to the

extent that we can load all of the commercials that are required to be transmitted into a machine, hooked up to a computer, that will switch those commercials to air in the breaks in the program that are designated by the originating network station in Sydney. This will enable us to reduce our operations and technical staff. Ironically, one of the biggest difficulties that regional operators will face in the future, will be finding skilled personnel to maintain the very sophisticated technical equipment that will be required to automate station operations in this manner.

The satellite delivery of networked programs has the potential to save regional operators about \$10-20 million. This is still far short of the \$50 million savings in costs that regional operators will be required to make. There is one other area where cost savings of this magnitude could be made - and that is in the production of local programs.

I am not aware of any estimates that have been made of the cost of local production for the regional industry as a whole, but I do know that for my station, 32% of total operating expenditure is spent on local production. Of that, seven per cent relates to the production of local commercials. That activity will, of course, continue and anyway that expenditure is recouped through production charges to agencies and clients. That leaves 25% of operating expenditure that could be saved if all local program production was terminated. If that figure could be extrapolated to all regional licensees in the eastern states, then total savings would be in the order of \$30-40 million.

There are other areas where minor savings can be made but if you have followed the simple arithmetic of this exercise, you will have determined that the savings that can be achieved in the two areas that I have spoken about, are sufficient to keep regional operators in the black.

Although local content will be substantially reduced, I believe that competitive pressures will cause regional stations to maintain some local news content, and perhaps some

local current affairs programming in the larger markets. It will be programs such as local sports coverage, children's programs, cooking programs, quiz shows and chat shows, that will disappear because they cost regional stations much more to produce than the revenue those programs generate. For most stations the local news service is the only local program that generates ratings comparable to networked programs. At present regional stations are enjoying good profits and can afford to produce a wide range of local programs as a service to the communities they are licensed to serve. After aggregation, when they will have to operate in a competitive environment and serve areas three times as large as they do today, there will be very limited funds available for local programs. Local production budgets, in the main, will be absorbed by the additional technical operating costs resulting from equalisation.

Although stations will be serving areas approximately three times as large as they do today, total revenue will be shared between three operators and therefore individual revenues will not significantly change. The only variations will be where markets of uneven size are aggregated. A licensee in a smaller market, being aggregated with two larger markets, will gain some revenue but this will be at the expense of the larger operators.

I do not support the view that there will be real growth in revenue to produce the sorts of profits predicted by the Department of Communications in its various reports on equalisation. The television industry is currently experiencing negative growth and I do not believe that trend will be reversed until there are significant improvements in the Australian economy. Even when a turnaround does occur, it is unlikely that we will ever catch up to the projections made by the Department because by the time equalisation is completed we will have to cope with competition from new services such as pay television which in my view are only 3-4 years away. Even if those services are totally subscription supported they will still take audience away from free commercial television and affect the rates

that we are able to charge advertisers. However, I think it is more likely that they will be hybrid services, supported by both subscriptions and advertising, of the type already being provided to clubs and pubs by operators like Skychannel and Club Superstation.

In very simple terms, what the Government has done in electing to pursue its equalisation policies, is to trade-off existing levels of local content for additional services. It is not possible to have an advertiser supported television system in a country of 16 million people that provides three locally originated competitive services to all its residents. The revenue base is totally insufficient to achieve that. However it is possible, and has been since the launch of the domestic satellite, to provide three competitive national network services originating from Sydney.

I do not propose to argue for or against such a system. We have been debating those arguments for the last three years. The facts are that the Government has decided to provide three services to all Australians through a system of national networking and I would suggest that the comments its members have made in the majority Senate Select Committee Report about existing levels of local content being maintained and its recommendations about the introduction of new local services to communities such as Geelong, are merely political rhetoric to placate those who do not agree with the course on which the Government is embarking.

#### **Questioning Limits on Ownership**

As far as the proposed limits on television ownership are concerned, in my view it will make no difference if the limits are set at 75% of the national audience or 100%. An operator covering 75% of the national audience will effectively have control of the programming for the whole network. Affiliate licensees making up the other 25% will not have the buying power to compete with its major network partner and it is unlikely that they will be able to find other sources

of programming that will provide them with programs that will work better in their markets than those that will be available to them through their network affiliation arrangements.

Reducing the ownership limits to 43% or 50% only defeats the purpose of national networking. The object of networking is to avoid duplication of resources so that it can be viable for three commercial services to be provided to all Australians. At 43% or 50%, control of a network would be split between at least two licensees but there would still be one dominant network partner, namely the licensee that controls Sydney and Melbourne. Therefore there seems to be little point in setting the ownership limits at levels that will prevent the networks from taking advantage of the economies of scale that are the whole purpose of networking.

Assuming that the limit is set at 75%, it is likely that further acquisitions of stations will be made, with each of the networks no doubt endeavouring to acquire a station in each of the capital cities and one of the regional Approved Markets, which, after aggregation, would bring them close to the 75% limit. One, or possibly two, of the existing network licensees may be able to achieve that in the short term, but I think it will be some years before all three networks are structured on a 75/25 per cent basis. I would not be at all surprised if at that stage the limit was raised to 100%.

One question that does arise from this is: "Why would a network be interested in acquiring regional stations given the rather bleak future trading prospects that I have spoken of?" The comments that I made earlier about stations having to cut costs to stay in the black assume that revenue is split equally three ways. In reality what is likely to happen is that many advertisers will buy only the top one or two stations in each regional market and therefore the revenue split between the three stations is likely to be uneven - as is the situation in metropolitan markets. The regional station that is affiliated with the top rating network - and which one that is may vary from year to year -

will probably continue to generate reasonable profits. In the early years of equalisation, I believe there will be one station in each regional market operating at a profit, perhaps one other in the black and one operating at a loss.

#### **Network/Affiliate Relations Under National Networking**

Finally, I'd like to make a couple of other comments about network/affiliate relations under a system of national networking.

I do not agree with the predictions of media commentators that national networking will immediately lead to all national advertising being sold by the Sydney networks and being relayed to their affiliate stations. The experience of the Ten Network and the Olympic Games in 1984, demonstrated that that proposition is much harder to put into practice than it is in theory. Many products and brands do not have the same level of distribution in all states and there are only a limited number of advertisers currently placing national schedules across all stations. Admittedly, that may change when the opportunity to buy a national schedule is made available to advertisers on a permanent basis but I believe those changes will occur later, rather than sooner.

I do not believe that the network stations will take unreasonable advantage of the program buying power that they will have over their regional affiliates. There will be no advantage to the networks in sending their affiliates broke by charging more for programs than they can afford. In fact, given the enormous additional operating costs that regional licensees will have to absorb, it is likely that in the early years of equalisation, the lower rating networks may end up having to subsidise the cost of some programs to their affiliates.

#### **David Astley**

David Astley is General Manager of Telecasters North Queensland Limited, Townsville, and Far Northern Television Limited, Cairns, and a Director of Queensland Satellite Television and

Television Australia-Satellite Systems Pty Ltd. He is currently Chairman of Regional Television Australia Pty Ltd and one of two regional representatives on the Federal Council of the Federation of Australian Commercial Television Stations.

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#### **MEDIA OWNERSHIP AND CONTROL POLICY IN AUSTRALIA**

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#### **Speech by Ian MacPhee, Former Shadow Minister for Communications**

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It is a great pleasure to be here today to speak at this seminar which has been organised by the Australian Communications Law Association. Seminars such as these are an excellent vehicle for discussing most important issues facing Australians and the issue of the ownership and control of the media is of fundamental importance to our society.

Today I intend to make some observations about the Labor Government's record in this area - particularly its handling of its media ownership and control legislation - and the Coalition's views in regard to the broad intentions announced by the Government last year in respect of those proposed legislative changes.

Over recent months Australians have witnessed a dramatic but deliberate restructuring and rationalisation of the media industry. This process is not finished and one would expect it to continue well towards the end of this year, if not the next. Unfortunately, up to this stage the media's coverage of the issues involved has been rather disappointing. It has chosen to concentrate more on the exciting aspects of takeovers themselves, the vast inflated sums paid for media acquisitions, and the personalities and politics involved. Left well behind has been any thoughtful analysis of the effects such changes will have on a number of vitally important issues which are often forgotten in the frenzied scramble for newspapers and television stations. They include freedom of speech, diversity and choice, quality of programming and print. I noted in Parliament

recently that I agree with Professor Mayer that we have lost sight of our democratic culture. We take for granted our liberties and that is something we cannot afford to do. Like all periods of economic crisis the current climate shows signs of greed, rising lawlessness, racism and totalitarianism. Unfortunately most of the media outlets have at some stage or another had some form of vested interest in the outcome of policy. This is understandable but the press and media generally must not continue to run the risk of malfunctioning in the sense of not exploring and questioning the complex social as well as economic issues involved just because of the industry they are in. In short, the media must be able to examine itself.

The questions that could be asked include for instance: what does the Australian viewer want in the regional areas of Australia in terms of programming? Are the present regulatory structures such as the Trade Practices Act, the Australian Broadcasting Tribunal, and the Foreign Takeovers Act sufficient or effective? Are there sufficient safeguards to prevent the potential of those who have wider commercial interests yet own a sizable proportion of the media to compromise the supply of the information and opinion? Should a foreign citizen be allowed to own 60% of Australia's print media? Is this in the national interest and if so, why? Should we be encouraging the speedy introduction of new services and granting more licences in our capital cities on the basis that the more channels there are, the less open to abuse the ownership and control of the media might be? Should we care that a number of employees within the media industry face retrenchment as a result of mergers and acquisitions even if these acquisitions are technically in breach of existing laws?

There are many important questions which deserve great attention in public debate on this matter.

The Government's record on media policy is a rather spotty one punctuated with what appear to be a number of arbitrary, expedient political favours and compromises, a blinkered

determination to pursue its own shaky broadcasting policy in spite of overwhelming evidence highlighting the weaknesses in its plans, and a legislative schedule based on a flimsy press release almost five months ago. Its handling of the media issue can best be described as unfortunate; at worst it has been irresponsible. Yet if we look at the Government's aims and objectives in the area of the media which are enunciated in the Labor Party Platform their broad lofty principles are, with some exceptions, relatively laudable:

- Diversity in choice of programming
- Optimum guaranteed levels of Australian content
- A reduction in the concentration of their ownership and control in private hands both within and between the various forms of the media
- Protect the commercial sector against foreign penetration of ownership and control
- Encourage the development of additional new commercial broadcasting services to ensure more diversity of ownership and programme choice
- To develop proper and responsible planning mechanisms.

So much for these objectives, especially the latter one of planning. Its handling of its media legislation certainly leaves a lot to be desired. On November 27th last year the Government announced its broad intentions in regard to the reform of Australia's media ownership and control laws. This resulted, and is continuing to result, in major commercial decisions being made on the basis of a mere Government press release and has precipitated a major shake out of Australia's media industry on the basis of Government intentions, rather than on the present law or what the law as decided by the elected Parliament might one day become.

The Government embarked on this course despite the fact that it does



not control the Senate. There is no certainty at all that what the Government wants will in fact become law. The Government cannot seek to lay the blame at the feet of media operators for their ignorance of parliamentary procedures or the opposition and democrats if they decide on the balance of information before them that the Government's legislation should not be passed. It is the Government which has induced media management and shareholders to commit funds at their peril, it is the Government which has caused the current state of uncertainty and delay of additional services to regional Australia, it is the Government which has caused some operators to be technically in breach of existing law, and it is the Government's fault that media management and shareholders will not know the true state of media law in Australia until at least October this year. Liberal Party Senator for New South Wales, Chris Puplick, one of the eight members of the Senate Select Committee on TV Equalisation said when the report was released: "These major decisions about the future of broadcasting in Australia belong to the elected Parliament itself and not just to individual ministers ... government by press release is subversive of our democracy and our parliamentary system. It must be stopped". I agree wholeheartedly with those sentiments.

The manner in which the Hawke Government arrived at its decisions in regard to the proposed changes to the two station rule and the introduction of cross-media ownership restrictions also deserve comment for they provide the background to the illogical decision making which has occurred. The arrival at the percentage of 75% maximum viewing access limit for one TV licensee was not based on any technical, social or economic criteria. It went against all the rational arguments of the Australian Broadcasting Tribunal and other enquiries which recommended the abolition of the 2 station rule but said that persons or corporations be allowed to hold a prescribed interest in only one mainland capital city (25%-30% maximum viewing access). As most commentators have noted it was a purely arbitrary polit-

ical compromise between the Treasurer, Mr Keating and the Prime Minister, Mr Hawke and the Minister for Communications, Mr Duffy. Mr Keating and Mr Hawke proposed a level of 100% access to Australia's population whereas Mr Duffy proposed 43% (the existing level); the result was a compromise of 75%. Most people know that it was reported that at one meeting of Labor Cabinet John Button asked Mr Hawke in desperation "What do your mates want? Apparently not the Duffy proposals". This is a most worrying aspect of the Labor Party's decision-making in this area.

Mr Duffy, it should be stressed, fought hard to meet the needs of metropolitan and regional Australia including the commitments of his own Labor Party platform but his strategy ran counter to expedient elements within the Labor Party seeking to look after their Party "mates". In this instance, the dictates of Labor Party media cronyism outweighed the need for a sensible rational broadcasting policy blueprint. Senator Puplick in his report to the Senate said, and I agree with him, "It will turn out to be ironic if the final form of this regional TV legislation goes back to something akin to the original Duffy proposals rolled by Hawke and Keating ... There is a great deal of evidence before the Committee which suggested that many of the original proposals advanced by Michael Duffy would have found much wider public and political support if they had been proceeded with".

The Government's continuing blinkered, predetermined, and inflexible attitude toward media ownership and control issues was exemplified again recently by its handling of the Senate Committee's report on TV Equalisation. No sooner than four or five days after its release the Government had mysteriously and speedily produced, albeit inadvertently, its response to the report in question time in the Senate. Such behaviour indicated contempt for the Senate Committee process and was an insult to those non-Labor members who sat on it and endeavoured to reach a balanced judgment on the merits of the Government's legislation. I think that it is a

great pity that the Government was not prepared to even consider the strong dissenting judgments and accompanying suggestions of Senators Puplick, Lewis, Sheil, and Powell in detail and begin to seriously address the problems to employment, programming, localism, advertising rates which aggregation by the Government's method will cause. One must remember also that while the Government likes to refer to the TV Equalisation Report as a "majority" report, the Committee was split 4-4 with only the Chairman's casting vote making the difference. It is most regrettable that viewers in regional areas of Australia still do not have the same choice as metropolitan viewers. The Government when it came to office had embraced the supplementary licences scheme which had been initiated under the Fraser Government which would have given regional viewers a range of programmes similar to that open to those living in metropolitan areas. If this scheme had been continued the overwhelming majority of regional viewers would have had an additional service 18 months ago and another early this year. They chose not to continue with supplementary licences and instead opted for forced amalgamation of services, with its accompanying delays, vast costs, and disregard of the wishes of regional viewers. People in regional areas, because of this Government's mismanagement, have been deprived of equal television services which is their right.

The coalition has viewed the Government's handling of its legislation and its priorities with some alarm. It has been disposed to the view that regional TV operators and viewers should not be disadvantaged by either the Government's plans for regional TV or by changes to the ownership and control laws. Whilst the provisional position of January 30, 1987 has been that the Coalition was disposed to support the abolition of the two station rule and the 75% maximum viewing access limit proposed by the Government it was determined to grant as many commercial television and radio licences as was technically feasible to prevent undue concentration and encourage choice and real

competition in commercial television. The licensing procedures would be made as flexible as possible to enable new players to enter the broadcasting field. Innovative technologies which have the capacity to provide additional but a varied array of services would also be given priority. In all probability the uses to which these technologies will be put will be to fill market niches rather than operating competitively on a large scale with commercial television operators.

The Coalition is examining the Senate Select Committee's Report on TV Equalisation and will make known its final position on ownership and control as soon as the Government's actual legislation is presented to Parliament. For the time being, the Coalition is studying whether the Trade Practices Commission can handle the problems of undue concentration of media ownership flowing from cross-media ownership. There have been a number of problems which have been highlighted in the U.S. (where strict cross-media rules are in existence) that these rules have the potential to destroy some newspapers. For instance, in Washington D.C. "The Washington Star" was forced to close down when its new owner was not allowed simultaneously to own a TV station in the same city. The newspaper was losing money and it needed the cash flow of a very profitable TV station to stay afloat. Indeed, this type of question and many others must still be answered by the Government including the ones I mentioned earlier in this speech. There are a number of matters which the opposition and Australian public should take into account such as: in this new climate of media reform how will Australian content and standards of programming be maintained? Will there be growth of overseas content and fewer programmes reflecting local community and national interests? Does the Trade Practices Commission have a role to play even if the Government intends to pursue its intentions to restrict cross-media holdings? Will there be sufficient protection against foreign ownership of the electronic media comprising the supply of information and opinion? Should new services such as video

audio entertainment services supplied direct to the public for instance in hotels and clubs be deemed to be "broadcasting" under the Broadcasting Act rather than being registered on a less clear basis under the Radio Communications Act? What criteria, and on what basis should cable TV or pay TV be introduced? Will regional viewers and TV operators be disadvantaged by forced aggregation?

As I mentioned before, the Coalition is determined to remove the barriers to entry to enable new players to enter the market in commercial radio and television. One can ask the Government, apart from technical considerations and the fact that the Tribunal has the power to approve the granting of new licences, what other barriers to entry exist? Are the barriers principally economic? Does the 75% rule retard or enhance the prospects of new players entering the commercial television field? Should the 75% rule be introduced in stages so that all players are on an equal footing to be able to reach the 75% figure? As yet the opposition and the Australian public has been given no comprehensive justification for the 75% rule. Why isn't it 100%? 43% or 25%-30% - the preferred option of the Australian Broadcasting Tribunal? Is it true that there may be some economies of scale but not real competition because there isn't any cost competition between the networks? In other words, as some economists have pointed out, is it a fact that the reduced costs for the networks will not necessarily lead to reduced prices in terms of advertising rates or quality of programming? Will the Government establish rules which govern the terms and conditions of financial and programming dealings between networks and affiliated stations on similar lines which exist in other countries such as the United States? If not, why not? As you can see there are many questions which the Government has not answered and probably does not intend to answer. The Parliament deserves to know these things before any legislation is introduced.

In the remaining minutes I would like to make some observations about the recent Trade Practices Commis-

sion's findings following its practical completion of the Herald and Weekly Times takeover. They are even more important now in light of recent reports in The Financial Review which have cast some doubt on the independence of Northern Star's newspaper operations and its ability to operate competitively against News Limited in the markets of South Australia and Queensland. The Trade Practices Commission announced some weeks ago that undue concentration of newspaper ownership had been averted and that ownership had become more wide spread. The Prime Minister and others have seized on this report as evidence and some newspapers gave its findings front page priority. I would argue in the strongest terms possible that this is not the case at all. The available documentation indicates that as a nation now we have the least competitive, most highly concentrated privately owned newspaper ownership in the world. A number of points can be made.

The Trade Practices Commission said that it recognised that News Limited has become a "prominent publisher" and that "HWT itself had formerly held such a position". So what? It fails to say that HWT had captured an already excessive 50% of the newspaper market before the HWT takeover; News Limited now has 60% of the market. Does this mean concentration of ownership has been averted? I doubt it. Moreover, whilst it is true that the Trade Practices Commission has used its limited powers to prevent total "market dominance" in one area and that News Limited has been forced to divest some of its (weaker) newspapers such as The Brisbane Daily Sun, the so-called competitors not only reside in the less populous states (particularly Western Australia) but their presence in terms of titles and circulation is tiny, if not irrelevant in comparison. For instance in the total metropolitan dailies market the ownership and circulation figures demonstrated that News Limited has 10 titles with a circulation of 2,101,198; Fairfax 5 titles with a circulation of 857,664; Northern Star possesses 2 titles (which are closely linked with the operations of News

Limited) with a total circulation of 201,530 in South Australia and Queensland combined; Bell Group which only has one major title and exists only in Western Australia has 237,673; and United Media which also exists in Western Australia and has one title has the tiny total of 97,651. To suggest that these so-called "competitors" are in a position or are challenging the overriding market dominance of News Limited is quite astounding. What is perhaps most convincing is that in the Sydney and Melbourne markets where the majority of the population resides, only News Limited and Fairfax exist (now 2 owners instead of 3) and this duopoly is uneven. These important markets effectively represent where the political agenda is often determined and the mainstream political debate is conducted. It is mainly from where the proprietors syndicate their news stories to other states.

Moreover, in terms of the ownership of newsprint mills themselves, distribution outlets, and news sources such as AAP and Reuters it is the two major players who have a stranglehold over the Australian newspaper market. Following the Herald and Weekly Times takeover, News Limited owns the majority shareholding in Australian Newsprint Mills.

The Trade Practices Commission performed its duties accordingly to its obligations under statute but it is deluding itself if it believes that its merger and acquisition provisions have prevented undue concentration of newspaper ownership in Australia.

Some people often claim that those who are concerned with concentration of media ownership are advocating Government interference in the content of newspapers or that licensing should be introduced. This distorts the true position of those who feel that stricter measures are required. As I said in January: "It is rather silly to equate Government intervention with Government control over what the press might say compared to Government intervention aimed at ensuring a diversity of opinions, attitudes and information from independent outlets".

It is not an exaggeration to say that the potential for abuse of managing news is always present and that abuses do in fact occur but are hard to prove. Recently in the Parliament I warned about the dangers posed by media proprietors being involved in commercial areas other than the media industry and their capacity to change Government policy in order to meet their commercial concerns. If a combination of pressures of media proprietors appears to have stopped Dick Smith's anti-cigarette advertisement campaign from getting off the ground, what is to say a political viewpoint will not be aired if it runs contrary to the proprietor's vested interest? Thus, what is at issue is not merely the ownership and control of a business group but the fundamental dissemination of information and opinion crucial to the effective functioning of Australia's democratic institutions.

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## LIFE AFTER THE FDU TELEVISION AND FDU RADIO REPORTS

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### PART 1

The organisers of this conference asked me to attempt some kind of historical overview of the processes leading up to and flowing from the two Reports of the Future Development Unit ("FDU") of the Department of Communications - the FDU Reports as they are known to most of us.

Frankly, I suspect this may be a piece of history many of us would prefer to forget. It is Wagnerian in its complexity and my overview of it, such as it will be, will be somewhat subjective and necessarily confined to a few of the leitmotifs. I have lived through the FDU era thusfar on a client's behalf and I believe I am in good company with other FDU survivors in saying that it has been one of the most convoluted, bewildering, contradictory and cynically manipulative processes to which an industry can be subjected.

A measure of that was probably inevitable in such a process of administrative change. There is no country on earth where Government is indifferent to the role and potential influence of the media. In addition, thirty years of protection and regulation had resulted in serious structural rigidities and entrenched spheres of political influence within the Australian industry. So of course one could expect some level of arm-twisting and accommodation as change evolved. But who would have dreamt, back in November 1983, when Mr Duffy spelt out the new Government's intentions as they related to the impact of the satellite system upon broadcasting, that a Labor Government would have enveloped itself, three and a half years later, in this ghastly shemuzzle over ownership and control, and a seemingly impenetrable political impasse over television equalisation.

I don't propose to provide you with an official war historian's record of what has happened since November 1983. Rather I want to highlight one or two of the more interesting battles, some of the lost tactical

opportunities, and some of the curious ideological footwork that has been going on offstage.

Also, for those of you who have not had occasion to make a comparison between the FDU Television and FDU Radio Reports, there exists a small chest of contradictory philosophical treasure which we might look at presently.

Of all disappointments relating to the process of restructuring our commercial media by this and previous Governments three, to me, are central:

- too much of the change has been technology-driven as opposed to consumer-driven;
- there has been altogether too much political accommodation of certain entrenched corporate media interests and a cynical attempt to manipulate others;
- too little regard has been had for planning the restructuring of commercial television in the total media context (i.e. commercial and non-commercial media) or, for that matter, in a socio-cultural context.

### Satellite Technology

When Mr Duffy came to the Ministry in 1983 part of the inevitable and irrevocable baggage he inherited from his Liberal predecessor was the commitment to the AUSSAT satellite system. Not least amongst the advocates for the system had been Kerry Packer and the Sydney-Melbourne networks who saw it as an opportunity for them to expand to provide additional services to regional Australia on a Direct Broadcasting by Satellite ("DBS") basis.

The regional television monopolists were, of course, appalled. To insulate them, Mr Duffy's predecessor came up with the supplementary licence concept. Like the satellite, this formed a part of Mr Duffy's inheritance. Late in 1983 he endorsed the supplementary licence scheme (something he would abandon less than three years later) and sent the issue of Satellite Program Services to the

Broadcasting Tribunal for inquiry and report.

Central to his actions then, as subsequently, was a policy concern to improve the range of services in non-metropolitan Australia with which I sincerely hope none of us has any fundamental philosophical difficulty.

The problem then, as now, lay in balancing the interests of the politically powerful networks against those of the regional monopolists in such a way as to ensure clients for AUSSAT's satellite transponders and new commercial television services in regional Australia where Federal Labor holds a brace of particularly marginal seats.

If those elements were not already difficult enough to reconcile the Broadcasting Tribunal, when it reported in July 1984, tellingly emphasised what it termed the "structural imbalance" resulting from the two-station ownership limit in commercial television. The aggregation of smaller markets and the correction of the structural imbalance by relating ownership to population have, as we now know, become pivotal issues in the proposed reforms.

Yet in all this it was the technological capability of satellite distribution and its commercial applications for the existing television operators that was determining the nature of the restructuring. Many broad assumptions have been made about the desirability or inevitability of "networking" and the benefits of enlarged markets with competing services. Scant regard has been had to the actual nature of those services in terms of the types and quality of programs they will deliver.

#### **Dealing with the Entrenched Interests**

By the time Mr Duffy sent the issue of new regional commercial television services off to the specially created FDU of his Department in February 1985 the battle lines between regionals and networks were clearly drawn. If the networks were to lease AUSSAT's transponders for program distribution then they wanted new regional markets for those services. The regionals understandably wanted to do all they could to protect their his-

torical commercial advantage.

In the result, the sad commercial consequence of this conflict was that the Government passed up the option of permitting new, independent players to compete for the provision of these additional services alongside the already entrenched networks and regional monopolies. Equalisation became a "closed shop" in which the existing operators were compelled to meet the Government's regional television objectives. They were compelled to do so, moreover, in an environment of intense speculation about the new ownership and control provisions - provisions which, it is now quite plain, could deliver the ownership of many of these regional operators into the hands of the city-based networks if they actually pass into law.

In the meantime, the regional industry has tried to make the best of it, doing its share of horsetrading with the Minister and his Department, attempting to get the best deal it can under the equalisation and aggregation formula developed by the FDU. The issue has been further complicated by differences within this group over the way these services are to be provided - that is, by extending competitive services into adjacent service areas under the market aggregation plan, or by providing additional services within the licensee's existing market - the so-called multi-channel services option. As things stand, two additional services are to be phased-in to four re-defined markets in Eastern Australia between now and 1993, becoming fully competitive by 1996, once again provided the Government can get its legislation through the Parliament.

The relationship between sections of the Cabinet and certain media "moguls" as journalists have generally referred to Mr Murdoch, Mr Packer and the Fairfax group, is one that has occupied very many newspaper column inches indeed, as well as quite a lot of time on the ABC. These relationships are characterised, in general, in terms either of political mateship or enmity and, by implication I suppose, editorial mateship or enmity - especially at election time.

So that when, as happened on

December 12, 1985, the Minister, Mr Duffy, took the question of ownership limits on commercial television into the Cabinet, the ensuing stand-off between him and the Prime Minister produced some very detailed, damaging and divisive copy, still, so far as I am aware, undenied.

Mr Duffy, you'll recall, was advocating a population "cap" of 53%; the Prime Minister was understood to favour 35% with the Packer and Murdoch interests excepted - a preference which reportedly led Senator Button to suggest to him that he had better tell the rest of the Cabinet just what it was that his "mates" wanted. The ALP Caucus Infrastructure Committee, incidentally, had wanted to limit population access to 33% with the Packer and Murdoch interests subject to "grandfathering" clauses.

How long ago all that seems, and how low all those percentages proved to be. Now the limit is to be 75%. As a trade-off we have a barrier on cross-media ownership. The market shakeout has already begun. Astonishing premiums have made their exit as TV moguls; the Herald and Weekly Times is no more; Fairfax entered the great carve-up to buy HSV-7 and now provocatively straddles print and television interests in a manner which conflicts directly with the proposed new rules; and, if all the relevant legislation were to pass through both Houses of Parliament and into law it would become possible for all free-to-air commercial television stations in Australia to become concentrated in the hands of just four owners.

The question needs to be posed: if there has been a potential hitherto for an unholy alliance to develop between the media moguls and the political process, how much greater is that potential when there are not only few moguls, but when they have paid the sorts of outrageous premiums we have seen in the market place in order to join that select and influential group?

I said earlier that the third of my disappointments was that the restructuring of commercial television had not been planned in the total media context. It has generally been administratively (and, one suspects,

politically) convenient to keep the commercial and non-commercial sectors more or less separate.

In one sense this can be seen as desirable in as much as each sector is allowed to develop its own set of creative, cultural, editorial and administrative values independent of the other.

Yet there is another sense in which there is a clear responsibility to plan across the various sectors to ensure maximum diversity of services as well as cost-efficient expenditure of public funds within the broadcasting system.

David Hill of the ABC identified this nexus very clearly in March when he pointed to the vicious circle of, on the one hand, declining community support and audiences which lead to a drop in funding and therefore production and, on the other hand, the concentration of ownership in the commercial sector and the consequentially higher prices that would be bid for network products.

I would doubt that the interests of the ABC, the SBS and public (community) broadcasting groups have received anything but the most cursory attention in the preparation of these proposed structural changes for the commercial sector.

As for the examination of these questions in a socio-cultural context, while I realise that it is not very fashionable these days to talk about these sorts of things when one is dealing with political pragmatists and hard-headed commercial entrepreneurs, I nevertheless believe that a mature society would wish to keep an eye on such things as localism, job creation, multicultural identity, diversity of production sources and editorial independence when undertaking a restructuring as profound as this one will be.

I mentioned at the start of this address that I believed that, for the FDU enthusiast, there was treasure to be had in a comparison of the philosophies which inform the FDU's Television and Radio Reports.

I spent some time, in fact, attempting to place these before the Senate Select Committee on Equalisation and succeeded in exciting the

enthusiasm, so far as I could tell, of no one at all.

Now I know that there are many differences between the radio and television media relating to scale, cost, operation, audience and so on. But the differences I identified seemed to me to illustrate a quite fundamentally different policy approach to the two sectors.

At the risk of replicating what seemed to be the Committee's reaction in this forum, I'll have a try with you.

### New Players

Unquestionably the element which most distinguishes the FDU Television Report is the precept that new television services will be provided by existing operators whereas new radio services will be provided preferentially by new independents.

### Viability

The FDU Television Report makes little attempt to define or describe the viability concept. It identifies it as an endorsed policy objective, notes that "viability questions are at the heart of the decisions the Government will have to make" but offers little other guidance as to its meaning or possible interpretation. By contrast, the FDU Radio Report offers extensive interpretative detail and argument, citing relevant rulings in the NSW Supreme Court and the Federal Court and signals the need for a review of the existing viability provisions to include:

- the precise meaning to be given to "viability" (at both the system and station levels);
- whether the viability of new services should be considered (even *prima facie*) in deciding whether to invite applications;
- whether the expectation that the viability of existing operators will be affected should lead the Minister to refuse to invite applications for new licences;

- whether the expectation that the viability of existing operators will be affected should lead the ABT to refuse to grant new licences;
- what priority should be given to the concept of viability in relation to other major Government objectives; and
- the effect that provisions such as those protecting the confidentiality of financial information provided to the ABT have on the planning and licensing processes."

And then, just for good measure, the FDU Radio Report adds a comment of quite profound dimensions, especially had it been allowed to form a part of the FDU Television Report:

"There can be little doubt that a review would highlight the conservative and protectionist effect of entrenching viability in the legislation. The concept rests upon the implicit assumption that the broadcasting industry not only is not a free market but also SHOULD NOT BE a free market."

And just to round things off, the FDU Radio Report points to a number of other issues which would need to be considered as a consequence of such a review including the possible need to modify the interpretation of an "adequate and comprehensive service".

To all those aspiring new television independents I say, "Eat your hearts out!"

It is important to record, in this context, the significant change to the broadcasting objectives of the Australian Labor Party (ALP) Platform as passed by the 37th National Conference in Hobart in 1986. As the FDU Radio Report points out, these 1986 objectives no longer refer to viability. Yet the same concept, endorsed by the Minister in 1984, substantially informs many of the assumptions upon which the "equalisation" process is predicted (e.g. the shape of Approved Markets for aggregation).



Since so much of the process of aggregation of regional markets is supposed to turn on notions of viability it is remarkable how little is said about the concept in the FDU Radio Report.

Incidentally, the FDU Radio Report also reminds us of a couple of other changes wrought at the 1986 Hobart conference.

The old commitment "to provide broadcasting services relevant and responsive to local needs", i.e. "localism", which was another of the endorsed objectives informing the FDU Television Report, was removed from the Platform along with "viability".

### Diversity of Choice

It is plain from the FDU Television Report that "equalisation" alone, (i.e. the quantitative provision of two additional commercial services) is deemed to be the mechanism by which the primary Government policy objective, diversity of choice, is to be achieved in regional commercial television.

Yet this approach is starkly rudimentary when measured against the more sophisticated approach of the FDU Radio Report.

The FDU Radio Report asserts that while it is not possible to give a fixed ranking to the Government's five broadcasting objectives, "at present diversity of choice has priority. Moreover, "diversity of choice" is here considered very much in a qualitative way. Such matters as program "formats", audience "demographics", "psychographics", "audience segmentation" etc, form part of the agenda upon which the successful implementation of the "diversity of choice" policy first priority is to be achieved in radio. Nothing remotely comparable forms a part of the FDU Television Report.

### Service Areas

The FDU Radio Report goes further: the achievement of this qualitative diversity of choice extends to the question of Service Areas:

"... there is no compelling

reason why a station should not serve two or more existing markets, perhaps providing programming specifically targetted towards the 15% shares which are too small, taken by themselves, to support a competitor."

### Program Regulation

And, perhaps most significant of all, the FDU Radio Report puts forward the option of Program Regulation as a possible means of achieving diversity of choice and comprehensive programming for the consumer:

"Given the Government's commitment to a policy of additional services in regional markets, the key question therefor becomes how far diversity of outlets will lead to diversity of programming choice."

Another question now needs to be posed: if consideration of such issues is appropriate in the formulation of broadcasting policy for commercial radio services, should they not (and why did they not) similarly inform the formulation of policies for the development and restructuring of commercial television?

I had the opportunity to put the substance of that question to the Secretary of the Department, Mr Charles Halton, at the Department's seminar for the radio industry in Canberra last year.

His answer was ingenuous and in two parts (I paraphrase):

First, he said, he was not Secretary at the time the FDU Television Report was prepared; second (and more seriously) the FDU had obviously evolved and improved as a consequence of preparing the Television Report and inevitably the resulting Radio Report was a better one.

True that may be, but for the regional commercial television consumer it will be a case of "tough luck, it's too late to do anything about it now".

(Cont'd next issue)

Huw Evans

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THE TRADE PRACTICES COMMISSION  
AND ITS APPROACH TO THE RECENT  
MERGERS IN THE MEDIA

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Address by W.J. Coad, Deputy Chairman,  
Trade Practices Commission, at "Media  
& Communication Law: Who Controls the  
News?" Seminar conducted by Business  
Law Education Centre  
Forum held 2 April 1987

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The charter of the Trade Practices Commission ("TPC") on mergers comes from s50 of the Trade Practices Act ("the Act") which prohibits mergers resulting in one company's dominance in a particular market. The Act is not industry specific in this respect. It has general application to all industries. So that when the TPC came to look at the recent media mergers, more particularly the acquisition of the Herald and Weekly Times ("HWT") by News Limited, it was the test of dominance that the TPC was applying to the merger. It applied that test in the way it would in any other industry merger that might be of such significance that the question of dominance would be raised.

The application of the test of dominance is to measure to what extent a firm can operate independently of its rivals without them being a brake or check on the merged firm's pricing or other market behaviour. In the News Limited acquisition of HWT it became a factual question as to what checks there would be on the combined operations of HWT/News Limited in particular markets.

The TPC's likely concerns as to dominance in respect of television and radio were largely taken care of by the Broadcasting Act. That conclusion we drew from discussions with the Australian Broadcasting Tribunal early in the piece. The Broadcasting Act operates to limit the degree of concentration in respect of television and radio; in that respect it operates in a like direction to the Act. The rules under the Act are still subject to review but during the course of the HWT takeover we were never really faced with a situation where we were

likely to have concerns in terms of s50 in respect of television and radio. The TPC's considerations thus focussed more on newspapers.

The TPC made extensive enquiries in the various states paying particular attention to the states where the obvious impact of the HWT/News Limited aggregation would be - Queensland, South Australia and Western Australia. It noted that in New South Wales the position would remain substantially unchanged and in Victoria, News Limited would in effect become a substitute for HWT. The existing competition from Fairfax would remain in those states. Similarly in Tasmania The Examiner would remain in competition.

In respect of the other states - Queensland, South Australia and Western Australia - the TPC took the view that there would be breaches of the Act (s50) as HWT/News Limited would dominate the newspaper markets in those states or more particularly in the capital city metropolitan areas.

It is a matter of history then that a number of divestitures took place so that in the result in those states the following ensued:

- In Queensland, News Limited has disposed of all of its previous interests in major metropolitan dailies and has become the controller of the Queensland Press Limited's metropolitan daily and Sunday newspapers.
- A new competitor in metropolitan newspapers, Northern Star Holdings, has acquired former newspaper properties of News Limited - The Daily Sun and The Sunday Sun. When added to the expertise and interests which Northern Star Holdings already has in the print medium throughout northern New South Wales and country and regional Queensland, these acquisitions will make it a strong competitor in the Queensland press. The printing and distribution arrangements agreed to between Northern Star Holdings and News Limited will ensure its profitability and competitiveness.

- In South Australia News Limited has vacated its afternoon newspaper, The News, which has also been acquired by Northern Star Holdings; thus News Limited will replace the Herald and Weekly Times as controller of the Adelaide Advertiser. The strength of Northern Star Holdings in Queensland and its expertise together with News Limited will render it a competitive force in Adelaide.

- In Western Australia the Bell Group has replaced the HWT as the owner of West Australian Newspaper Limited and publisher of The West Australian, and the position of News Limited has not altered.

A wholly owned subsidiary of United Media Limited, a new competitor in metropolitan dailies, has acquired the afternoon newspaper, The Daily News, whilst the suburban newspaper company, Community Newspapers (1985) Limited, has strengthened as a result of its acquisition of the Bell Group's suburban weeklies. The interests of the Bell Group (through West Australian Newspapers) in Community Newspapers will have diminished in terms of voting and director representation such that in each situation a majority will rest with United Media. Other measures to be taken will strengthen the financial base of both United Media and Community Newspapers and their competitiveness.

The TPC takes the view that these changes mean that the requirements of s50 in respect of those markets were also met. In no capital city (save Darwin) is News Limited not confronted by a major competitor.

It has been argued that the TPC's approach was too narrow in looking at particular state markets and that it should have focused on the strength gained by News Limited in relation to newspapers Australia-wide.

The TPC enquiries indicated that:

- Although there are important national newspapers (sold

throughout Australia) they are relatively small.

- Demand (readership) is heavily oriented to local offerings, reflecting local interests.
- Supply factors including availability of printing facilities and access to distribution networks again reflect local history and developments. The TPC satisfied itself in the various locations that printing facilities were available and where they were not in the short term, that suitable print contracts were available. The TPC will be keeping the (newsagency) distribution system under review. It also satisfied itself as to availability of raw materials (notably newsprint) although it will be watching developments in respect of access to news sources.
- Although some advertising is dealt with on a national basis most advertising is dealt with on a state basis. Hence the state/state approach.

Focussing on News Limited's "national strength" in newspapers tries to aggregate these supply and demand factors and competitive relationships. We were not convinced that was proper and preferred to stay with the very real marketplace features we saw in the particular states. Much of the "national strength" argument was based on fears, and to us underestimated the entrepreneurial skills of the other proprietors including the new ones. To us the "national strength" argument moved somewhat away from the (perhaps mundane) economic realities and began to embrace a wider proposition that ultimately has a connection to a fear that News Limited editorially will have too great an influence in Australia.

In my view, if one started down that path in terms of s50 (which as I explained is a 'dominance' test not a 'public interest' test) it would not be long before it became almost irresistible that the market considerations might have to be widened to include other forms of media. And once

you are there the Government's proposed cross-media ownership limitations come into play to limit the degree of ownership concentration.

So that the new position on the ground appears to be as per the attached table. [For the sake of the argument I have betrayed my main theme

and aggregated the newspaper figures across state borders.]

Certainly, News Limited is prominent in newspapers that cannot be disputed. But it now has no presence in TV or radio. In view of that the picture of 'dominance' on that wider basis starts to fade.

1. STATE & TERRITORY CAPITAL CITY TV CHANNELS  
(Commercial excl. ABC)

	<u>Prior to Acquisitions</u>	<u>After Acquisitions (March '87)</u>
HWT	2	Nil
News	2	Nil
Others	12 (run by 9 operators)	17 (run by 9 operators)
Total	<u>16</u>	<u>17*</u>

\* Includes WCV10 Perth

[Note: News Ltd. now has no TV stations city or country]

2. RADIO STATIONS  
(City and country but excluding ABC)

	<u>Prior to Acquisitions</u>	<u>After Acquisitions (March '87)</u>
HWT	7	Nil
News	1	Nil
Others	131	139
Total	<u>139</u>	<u>139</u>

[Note: News Ltd. now has no radio stations city or country]

3. MAJOR NATIONAL, STATE & TERRITORY CAPITAL CITY NEWSPAPERS

	<u>Prior to Acquisitions</u>	<u>After Acquisitions (March '87)</u>
(a) <u>Number of Newspapers</u>	<u>34</u>	
HWT 13 )		)
News 11 ) 24		) 18
Others 13		18

(Note: Joint ventures are counted twice - once for each partner - therefore the figures do not add up to 34).

(b) % Circulation

	<u>Dailies</u>	<u>Weeklies</u>	<u>Dailies</u>	<u>Weeklies</u>
HWT 48 )		29 )	)	)
News 28 ) 76		47 ) 76	) 58	) 56

(Note: Circulation for joint ventures are counted twice)

[Note: Does not include weekly journals, e.g. "The Bulletin".]